SENZAGEN AB

ANNUAL REPORT 2020

Contents

The year at a glance

Growing customer base

- Pharmaceuticals company H. Lundbeck A/S ordered GARD®skin and GARD®air tests for SEK 0.4 million.
- Medical device company Sonova placed an SEK 0.6 million order for GARD®skin Medical Device.
- A new global customer ordered GARD®skin and GARD®air tests for a cumulative value of SEK 1.2 million.
- A world-leading raw material supplier tested chemicals with GARD®skin and GARD®potency for an order value of SEK 0.5 million.
- A major US chemicals company ordered GARD®skin and GARD®potency tests for SEK 0.4 million.

Key partnerships

- SenzaGen and UK CRO XCellR8 expanded their collaboration to offer GARD®-skin Animal Product-Free.
- SenzaGen and US Research Institute for Fragrance Materials (RIFM) signed a collaboration agreement to develop next-generation tests for photosensitization.
- SenzaGen signed a distribution agreement with Danske Teknologisk Institut (DTI) in Denmark.

Regulatory milestones

- SenzaGen's laboratory received GLP approval.
- The ESAC's scientific evaluation of GARD® was underway during the year. Their opinion was delayed until 2021 as a result of the COVID-19 pandemic.

FINANCIAL SUMMARY

SEK thousand	2020	2019	2018
Net sales	7,958	2,724	1,997
Operating loss	-27,098	-37,927	-20,731
Equity	107,792	134,211	85,936
Equity ratio (%)	97	94	95

In 2020, SenzaGen broadened its product portfolio by adding the new GARD®-skin Dose-Response test. The test, which is one of the first of its kind, provides information on the dosage at which a substance causes allergy.

The Company at a glance

Business concept

SenzaGen develops, performs and sells state-of-the-art non-animal tests for assessing a substance's allergenicity. The GARD® test method combines genomic data from human cells with machine learning for a unique capability to assess whether a chemical could cause allergic reactions on the skin or in the respiratory tract. With excellent predictivity, GARD® meets needs in several industries and helps companies develop, produce and deliver safer, ethical and more sustainable products.

Our contribution

SenzaGen's tests contribute to safer, ethical and more sustainable products while also reducing the number of animal tests.

Vision

SenzaGen's vision is to replace animal testing with best-in-class *in vitro* technology, establish a new industry standard and contribute to safer products in society.

Mission

SenzaGen's mission is to develop and offer the best alternatives to animal tests.

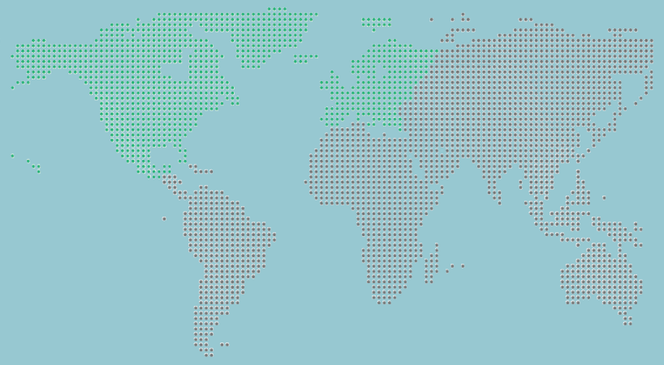
Financial target and strategy

SenzaGen's financial target is to reach breakeven by 2022. To achieve this target, SenzaGen has established the following strategic initiatives:

- Drive GARD® revenue growth
- Broaden our offering
- Develop strategic partnerships
- Ensure regulatory acceptance
- Ensure the right capabilities and resources
- Optimize and adapt internal processes, systems and tools

A market with great potential

The skin-related *in vitro* toxicology testing market is global, and SenzaGen estimates its current addressable market at approximately SEK 5 billion. The majority of the Company's sales are made from its headquarters in Lund supplemented by partner sales. All product development operations are conducted in Lund.



Prioritized market segments

Cosmetics

Chemicals

Medical devices

Pharmaceuticals

GARD®

TECHNOLOGY

SenzaGen's GARD® technology platform replaces animal testing with genomic data from human cells combined with machine learning.

94%

ACCURACY

Scientific studies show that SenzaGen's test method is more reliable than the other test methods on the market.[1]

GARD®-PORTFOLIO

2017

GARD®skin
Test to determine whether a chemical could cause skin allergies.

2017

GARD®potency
Test to classify a chemical's allergenicity as strong or weak under REACH and CLP. Used in conjunction with GARD®skin.

2018

GARD®air
Test to determine whether a chemical could cause respiratory allergies.

2019

GARD®skin Medical Device
Test to determine whether a material could cause skin allergies.

2020

GARD®skin Dose-Response
Test to determine the dose at which a chemical causes allergy.

Allergies – a growing health problem

The emergence of allergic disease is on the rise around the world. Around 20–25 % of the population is estimated to suffer from skin allergies. One source of allergy is exposure to allergenic chemical substances and products.[2]

By testing the health impact of chemical substances before they are used in cosmetics, colors, cleaning products, and other products, they can be replaced with safer substances, thus reducing clinical symptoms.

Message from the CEO

In 2020, our efforts to create a commercial enterprise proved effective. Because of the organizational changes we made and the sales focus we established, we tripled our sales from the previous year.

As a result of several favorable factors, I am very inspired to lead SenzaGen from a research company to a commercial enterprise. Chemical risk assessment serves a vital societal function by ensuring safer products in people's everyday lives. At the same time, demand for more accurate, ethical and cost-effective test methods is on the rise. In an interview in this report, Mattias Öberg, researcher in chemical risk assessment at Karolinska Institutet, discusses the trend toward moving away from animal methods and the latest in the field of chemicals.

2020 performance

In a challenging business climate, in which we could not reach the number of customers initially planned despite a rapid transition to digital channels, and in which the procurement processes of potential customers became much longer, our sales reached nearly SEK 8 million. This is both triple the sales we reported for the previous year and a figure that could have been even higher under normal circumstances. Given that we implemented restructuring measures already at the beginning of the year and cut our costs because of the pandemic, we also achieved this sales figure with a significantly leaner organization than we had in the previous year.

Updated, targeted and segment-specific communications about GARD® paved the way for several new companies to trial and evaluate our tests in the fall, including pharmaceuticals company H. Lundbeck A/S and medical device company Sonova. These customer projects demonstrate that our direct contacts with international companies deliver the desired results, and we have performed tests in 2020 for companies in all the major industries we cater to – pharmaceuticals, medical devices, cosmetics and chemicals.

Strategic transition

We worked on seven strategic initiatives during the year centered around how, as a company, we can be more agile, customer-focused and responsive to the challenges in each of our customer segments. I will briefly comment on the highlights of our progress on these initiatives:

1. Understand and prioritize customers' needs
2. Adapt our business model

To establish the GARD® technology and grow as a company, we improved our knowledge of needs in the industries we prioritize. In parallel with these marketing efforts, we also strengthened our business model both by adding new distribution partners and by increasing capacity in our own lab. In addition, we also decided to meet demand from our customers for a wider range of tests and add already available tests for other skin toxicology domains to supplement our GARD® offering.

3. Build strategic partnerships

Strategic partnerships play an absolutely crucial role for our sales and market presence. During the year, we continued working on stepping up collaboration with our existing distributors and broadening our partner network with a focus on key ambassadors for alternative test methods including Danske Teknologisk Institut, which has a large network of global customers and leading research institutes.

4. Adapt and develop our product portfolio

Our partners not only help us with marketing and sales but also contribute to work on developing our product portfolio. By developing new unique applications, such as a vegan test for contract lab XCellR8 in the UK and a photosensitization test in collaboration with the US Research Institute for Fragrance Materials (RIFM), we have created additional offerings that meet market needs.

In addition, we presented our new GARD®skin Dose-Response test at digital industry events in both Europe and the US during the year. The test provides information on the dosage at which a substance causes allergy, and is one of the first of its kind. This new capability has attracted great interest and is now being used by customers including RIFM.

5. Ensure regulatory acceptance

We continuously work to ensure regulatory acceptance, and one of the year's greatest achievements was the GLP certification of our lab. This certification means that we can now meet our customers' requirements for product filings while also serving as clear evidence that GARD® can be used in a lab subject to regulatory monitoring, which is very positive both for our sales and for the ongoing OECD validation of GARD®skin and GARD®potency.

In the medical devices segment, we continued working on the inclusion of GARD® in the update of the new ISO standard, which is expected to be complete in 2021. We also filed a Medical Device Development Tools (MDDT) submission with the American FDA. The aim of the submission is for the FDA to qualify GARD® as a test for the development and evaluation of medical devices.

In November, we were informed by EURL ECVAM that its scientific advisory committee ESAC's scheduled fall meeting had been postponed to March 2021 due to the pandemic. Looking forward, the delay means that we will have to wait for the OECD's possible issuance of GARD® as a test guideline but we will be able to refer to the ESAC's opinion during 2021.

6. Ensure capabilities and sufficient resources
7. Adapt internal processes, systems and tools

The COVID-19 pandemic has hindered us from building our sales organization according to my original plan, but the recruitment of two key account managers, one based in France and one in Sweden, strengthens our presence in the key European market. Additionally, increased direct sales increased the importance of our own lab. Therefore, we have recruited a highly experienced VP Operations whose main task is to scale up and secure our future testing capacity.

In terms of the process initiative, our greatest achievements are a new quality management and the aforementioned GLP approval.

Strong belief in the future

I am proud of the hard work of our employees, the strategic changes we have made during a turbulent and challenging time, and the revenue increase we achieved as a result of our increased focus on sales.

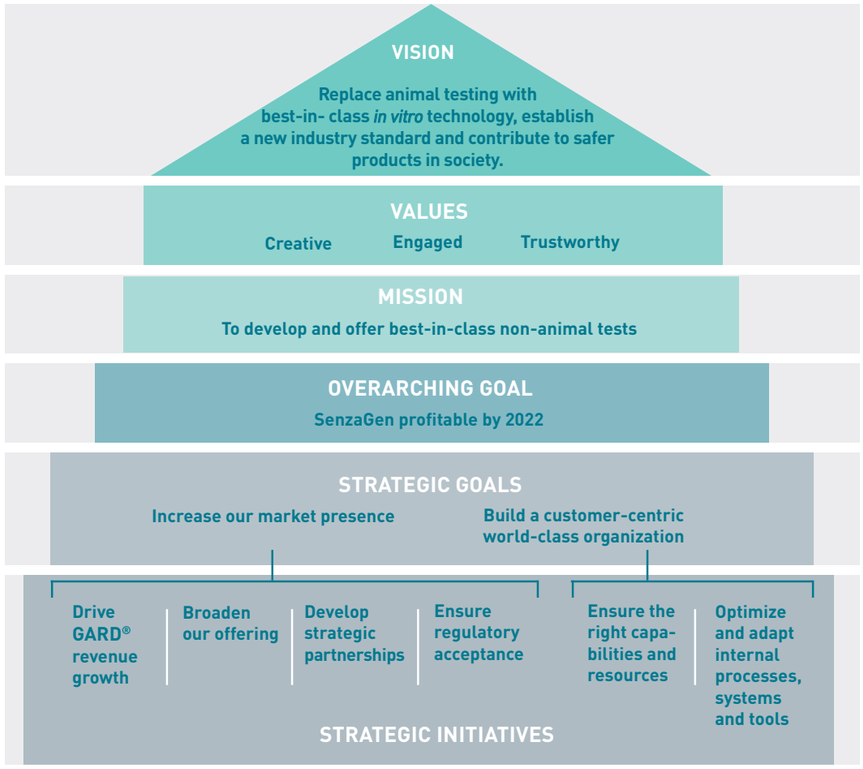
Our plans for 2021 are based on continuing to strengthen our market presence and develop our organization in line with our six strategic initiatives updated for the year. We will work toward our profitability target by approaching customers and industries that stand to benefit from the GARD® test's high predictivity without requiring OECD validation and are interested in the additional skin toxicology services that we will be able to offer through our GLP-certified lab.

Finally, I would like to thank our dedicated employees and our shareholders who make it possible for us to capitalize on the great potential for our accurate, non-animal and effective test method. A commercial enterprise is starting to take shape, and we are in a much better position today than we were a year ago.

Lund, March 2021

Axel Sjöblad, CEO, SenzaGen

Goals and strategies



OBJECTIVE

SenzaGen's objective is to establish the GARD® technology in Europe and the US, then gradually expand to select markets in the rest of the world – there is already interest in Asia. The Company will drive commercialization by working with a network of CROs, engaging in direct contact with new and existing customers, and developing networks of reference customers and opinion leaders in the following four industries:

- cosmetics
- chemicals
- pharmaceuticals
- medical devices

FINANCIAL TARGET

SenzaGen's financial target is to reach breakeven by 2022. To achieve this, the Company has established two strategic goals and six strategic initiatives as shown in the image above.

SALES STRATEGY

Product safety and quality rules and requirements differ between different geographic markets and industry segments. As a result, SenzaGen has chosen to primarily focus on the markets and segments where regulations and industry forces are driving the need for more accurate and non-animal tests. By identifying strategically important customers in the industries where regulatory changes are underway or have already been adopted, the Company can meet the increasing need for non-animal tests.

In 2020, SenzaGen tested complex mixtures for a major US corporation in the chemicals industry. A decisive factor for this order was the unique capability of GARD®skin and GARD®potency to support complex mixtures and provide information on whether the allergenicity of the substances is strong or weak. The project is fully in line with SenzaGen's commercial focus and the customer's commitment to the Three Rs.

Direct sales from GLP certified CRO

The largest share of SenzaGen's revenue currently comes from direct sales of tests performed in the Company's own laboratory.

SenzaGen's modern high-tech lab is one of only two Nordic GLP-certified contract research organizations (CROs) for cell-based toxicology testing, serving as the Company's hub for customer studies, research and product development. On behalf of customers, the lab performs *in vitro* toxicology tests to evaluate the skin and respiratory sensitization impact of various substances. This work leads to insights on the customer's situation and an understanding of market needs for skin-related toxicology testing on a broader scale. It also provides more knowledge on the technology platform's capacity and how to develop new sustainable tests.

Partner network

To increase future sales, the Company is also working to establish a global network of licensees and distributors in the toxicology testing industry. The tests will be commercialized in collaboration with CROs and distributors specializing in *in vitro* toxicology testing and who already have a network of customers in various industries.

SenzaGen has license agreements with three CROs: In Germany, Eurofins BioPharma Product Testing Munich GmbH, and in the US, Burleson Research Technologies, Inc. and MB Research Laboratories, Inc. These companies have their own specialist laboratories for *in vitro* toxicology testing, and they market, sell and perform SenzaGen's tests under a license.

CROs that do not have the capability to implement the GARD® technology in their own labs in the short term serve as distributors, which means that they market GARD® in their test portfolio but the tests are performed in SenzaGen's lab in Sweden. SenzaGen has nine distributors with excellent local market knowledge that play an important role in building relationships and driving sales in the industries in which they specialize.

Market size and potential

The *in vitro* toxicology testing market is a relatively new market that started to expand in the 2000s as alternatives to animal test methods were developed and began to be used.

Historically, animal testing has played a significant role in obtaining knowledge on and developing treatments for diseases, but there are differences between humans and animals. New, non-animal cell models in test tubes (*in vitro* methods) have major advantages and are better suited for humans.

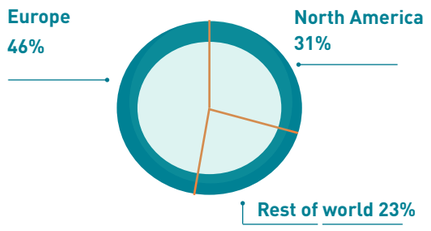
IN VITRO TESTING MARKET

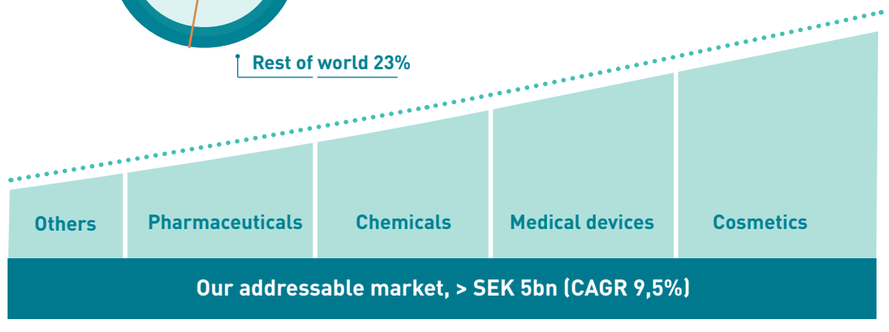
According to market data from Kalorama, the global market for *in vitro* toxicology testing is growing annually by 6.8% and is expected to be worth over SEK 70 billion by 2023. This growing market comprises ten subsegments categorised based on the toxicology end points they address.[3]

CURRENT TARGET MARKET

SenzaGen currently offers *in vitro* tests to determine whether a substance could cause allergies on the skin or in the respiratory tract (sensitization). Skin allergy tests are part of a broader skin-related testing segment, while respiratory allergy tests are not yet part of a regulatory testing segment but still are important during product development and for occupational health and safety.

Skin toxicology testing, geographic distribution





Skin allergies

Skin sensitization, combined with irritation and corrosion, is one of the ten subsegments of *in vitro* toxicology testing and accounts for approximately 5.5% of the total market. The segment is growing the fastest of all segments, by 9.5% annually, and is expected to be valued at approximately SEK 5 billion by 2023. Europe is the largest region followed by North America. Several countries in the Asia-Pacific region are growing rapidly as they advance with alternative test methods and mandatory bans on animal testing. The most important industries are cosmetics, chemicals, pharmaceuticals and medical devices.[3]

Respiratory allergies

Testing of respiratory sensitization is not yet legally required in any industry, but ethical imperatives and industry forces are pushing for safer products. The Company's analysis of clinical trials shows that there are two and a half times more pharmaceuticals developed in inhaled form than products applied to the skin.[4] The Company estimates there may be just as many respiratory allergy tests as skin sensitization tests in the long term.

REGULATORY REQUIREMENTS

SenzaGen tracks relevant regulations and standards to ensure that it can make the most of opportunities and market potential. The OECD, ISO and FDA are among the regulators and standard setters for existing GARD® tests.

Pharmaceuticals company H. Lundbeck A/S in Denmark has initiated collaboration with SenzaGen. SenzaGen uses a combination of the GARD®skin and GARD®air assays to test whether substances could cause allergies on the skin or in the respiratory tract. This project affirms that SenzaGen's direct contacts with major international companies continue to deliver the desired results:

"Lundbeck is pleased to initiate this collaboration with SenzaGen. The introduction of new innovative assays such as the GARD tests is part of our commitment to constantly expand our expertise in safety testing. By doing this, we pursue our goals of providing a safe and healthy work environment for our employees and improving the quality of life for people living with brain disorders."

Allan Dahl Rasmussen, Director in Regulatory Toxicology, Lundbeck

An OECD validation process is underway for the GARD®skin and GARD®potency tests. The validation is being conducted by the EU Reference Laboratory for alternatives to animal testing (EURL ECVAM) on behalf of the OECD. During the year, SenzaGen responded to questions and ensured that the tests meet the quality (GLP) and transparency and availability (IP) requirements set by the OECD and EURL ECVAM.

A key step in the process is evaluating whether the tests are scientifically sound, can be set up in other laboratories (transferability) and can deliver the same performance regardless of who conducts the tests (robustness). For this purpose, SenzaGen has conducted a large validation study that is being evaluated by the EURL ECVAM scientific committee (ESAC). Following the scientific evaluation, the EURL ECVAM will issue a recommendation to the OECD with the ultimate goal of the OECD issuing a test guideline.

In the medical devices segment, work is ongoing to include GARD®skin Medical Device in the annex in the update of the new ISO standard, which is expected to be complete in 2021. The company has also filed a Medical Device Development Tools (MDDT) submission with the American FDA. The aim of the submission is for the FDA to qualify GARD® as a test for the development and evaluation of medical devices.

Testing during product development

At present, SenzaGen sells its tests primarily to companies that test chemical substances in their product development operations. Chemical testing during the product development phase is not subject to the same regulations as the final products that will be put on the market.

Testing for regulatory filing

Tests validated by the OECD under the applicable regulatory guidelines reach a broader market and achieve regulatory acceptance because they are included in the OECD's official guidelines. For regulatory filing, most regulators also allow the use of test information from non-validated sources that provide sufficient evidence. This means that the results from the GARD® tests can currently be used for filing as a weight-of-evidence submission.

After receiving OECD approval, the application area for SenzaGen's tests will be broadened to include product testing in preparation for regulatory filing in industries such as the cosmetics and chemicals industries in the EU, US and parts of Asia.

The global market for *in vitro* toxicology testing (2018-2023) ($, millions)[3]

Toxicology tests and endpoints	2018	2023	CAGR,%
ADME-Tox	1,700	2,300	6.2
Skin irritation, Corrosion, and Sensitization	350	550	9.5
Genotoxicity	800	1,100	6.6
Cytotoxicity	950	1,390	7.9
Ocular Toxicity	300	400	5.9
Organ Toxicity	600	790	5.7
Phototoxicity	220	290	5.7
Dermal Toxicity	200	260	5.4
Carcinogenicity	430	650	8.6
Neurotoxicity	230	300	5.5
Other toxicity endpoints & tests	600	850	7.2
Total	**6,380**	**8,880**	**6.8**

For sources, see page 55

Trends and drivers

SenzaGen operates in a global market with high growth potential. The chemical substance risk assessment industry is looking for alternative test methods that are more accurate, ethical and cost-effective in the long term. There is a trend toward replacing animal testing with non-animal test methods.

TRENDS

Increased focus on alternative tests

The global need for alternative test methods is growing as animal tests are banned and regulations increasingly advocate for alternative test methods. More and more countries are following the EU and imposing bans on cosmetic tests on animals, including Norway, individual US states and Brazil.[5] Important changes are also underway in medical device regulations, which are expected to result in an increased number of tests using non-animal methods, thereby creating new market opportunities for the Company.[6,7]

Additionally, tens of thousands of new chemicals have been introduced into everyday environments over the past decades, which makes high product safety of the utmost importance for companies selling consumer products. By testing the health impact of chemicals before they are used in products such as cosmetics, colors, cleaning products and materials, the manufacturer can replace them with safer substances, thus both reducing the risk of and avoiding clinical symptoms. This trend creates additional opportunities for SenzaGen.

About *in vitro* testing

In vitro testing is increasingly used because the testing process is faster and the results are more accurate than *in vivo* testing on animals. In addition, *in vitro* testing is less expensive and enables a significant decrease in the number of laboratory animals.

MARKET DRIVERS

Industry data from Kalorama show that the market drivers of the industry's preferences for *in vitro* testing over *in vivo* testing are linked to regulatory, scientific, ethical and financial considerations.[8] With these drivers as a basis, the Company estimates that industry needs for new technology and alternative testing methods are high and steadily increasing.

Cost-effectiveness

In vitro testing can be performed faster and is less resource-intensive, thus making it more cost-effective. The ability to perform highly accurate tests on chemical substances early in the research and development process allows companies to rule out substances and product candidates that will not reach the market because of their toxicology profiles. This represents great potential for cost savings in industries such as pharmaceuticals. Statistics show that the development time for a drug can last 10 to 15 years, and that usually only one in 10,000 tested chemical substances make it into the approved drug.[9,10] Given the frequently long development times and major development expenses, delays due to toxicology profile testing in drug candidates could result in USD 500,000 in lost revenue per day.[11]

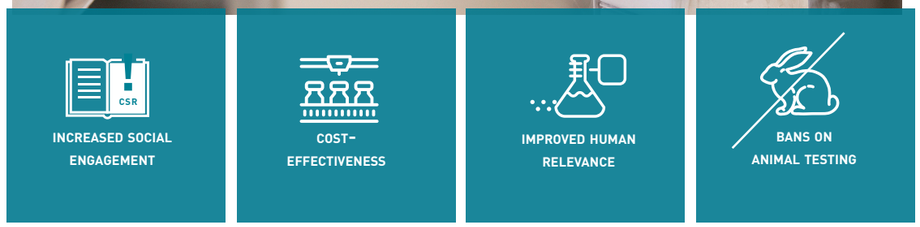
Need for improved human relevance

Animal tests have limited accuracy. Therefore, they provide an uncertain view of what will happen when chemicals come in contact with the human body. The cosmetics, chemicals, pharmaceuticals and medical devices industries need access to a more accurate test method to ensure that the products launched on the market are not harmful and that their potency is acceptable.[12]

The ability to perform highly accurate tests on chemical substances early in the research and development process allows companies to avoid unnecessary development expenses for harmful or potentially harmful substances and/or products. Having to recall harmful products from the market can be both expensive and damage the company's brand.

With a focus on the use of new technology and new research findings, Dr Carol Treasure and her team at UK CRO XCellR8 are setting the tone in the movement to create a more ethical and sustainable testing industry. SenzaGen's collaboration with XCellR8 was expanded during the year with the addition of an exclusive license agreement for SenzaGen's new test, GARD®skin Animal Product-Free.

"Together with our clients, we are passionate about the vision of creating a more ethical testing industry, without animal testing and animal components. Through this close collaboration with SenzaGen, XCellR8 has the exclusive opportunity to offer this accurate and innovative GARD® test, free of animal components, for skin sensitization. In the long term, this means safer and better products for all of us," says Carol Treasure, founder and CEO of XCellR8.



Bans on animal testing

In 2013, all forms of animal testing in the development of cosmetics and hygiene products were banned in the EU.[13] This means that no new products that require testing can be developed without the use of an alternative test method. Several other countries have followed the EU and banned animal testing.

Demands to abandon animal testing are also on the rise in the chemicals, pharmaceuticals and medical devices industries, but there are not yet any adopted regulations. In the chemicals industry, the REACH regulation increased requirements for the classification of chemicals based on their allergenicity with a preference for *in vitro* alternatives. The update to ISO standard 10993-10 that is in progress and the EU's implementation of the Medical Device Regulation (MDR) are also expected to increase the number of non-animal tests.

Increased social engagement

Consumers are putting pressure on industries by demanding products developed and produced with a minimal impact on animals and the environment. As a result, companies and industries are implementing Corporate Social Responsibility (CSR) policies, and the Three Rs are a fixture of both Swedish and European legislation involving animal testing. The Three Rs aim to get researchers to use as few animals as possible and also work to alleviate and improve the situation of animals in animal testing. The Three Rs are replace, reduce and refine.[14]

For sources, see page 55

Product offering

SenzaGen is an innovative company that has developed a technology platform to meet market needs for an alternative test method without the use of animals to assess whether chemicals could cause allergic reactions on the skin or in the respiratory tract. The Company's product portfolio comprises a series of tests with remarkably high accuracy.

Technology platform for many different applications

Based on the GARD® platform, SenzaGen has developed tests that determine whether a substance could be allergenic and provides information on whether the allergenicity of the substance is strong or weak. The platform combines genomic data from human cells with machine learning, making the method both more effective and more accurate than competing methods. In addition, the method is less expensive and contributes to reducing the number of laboratory animals.

The technology platform is generic, functional and can potentially be used in a variety of toxicology fields and application areas. Initially, SenzaGen focused the five tests it has brought to market so far on chemical substances in relation to skin and respiratory allergies.

SKIN ALLERGIES

GARD®skin

GARDskin is used to assess whether a chemical substance could cause skin allergies. With proven accuracy up to 94%, the test is the most reliable on the market and helps developers and producers ensure that the products they bring to market are free of allergies. The test supports pure chemicals but also substances traditionally considered difficult to test, such as complex mixtures. The target group is companies in the cosmetics, chemicals and pharmaceuticals industries.

GARDskin is also offered as a vegan test. GARD®skin Animal Product-Free is marketed and sold exclusively by UK CRO XCellR8.

GARD®skin Medical Device

GARDskin Medical Device is the first test on the market developed specifically for medical devices, which are subject to a risk assessment for skin allergies before they can be sold. GARDskin Medical Device is an expanded application domain of GARDskin and is designed for medical device companies that perform sensitization tests during product development and that have high quality and safety requirements for risk assessment of their materials.

Changes in regulatory frameworks are underway on the market that affect medical devices and are expected to drive and increase the need for alternative test methods. Both the global ISO standard and the EU Medical Device Regulation (MDR) increase product safety requirements.

GARD®potency

GARDpotency is the first non-animal test method that provides information on whether the allergenicity of a substance is strong or weak under the Classification, Labelling and Packaging (CLP) EU Regulation. A substance with strong allergenicity is classified as category 1A and a substance with weak allergenicity goes under category 1B. The test can be used in combination with GARDskin and provides quantitative information about the substances assessed as allergenic, which is a REACH requirement and is needed by companies that develop cosmetics and pharmaceuticals. The approved regulatory tests for potency classification on the market are performed on animals.

GARD®skin Dose-Response

In 2020, the Company launched GARDskin Dose-Response, a test that provides information on the dose at which a substance causes allergy. The test enables companies in industries including cosmetics, pharmaceuticals and chemicals to identify the highest possible quantity of a chemical that they can include in their products ("the Dose of Departure"). This serves as crucial information for prioritization and decision-making in research and development. The new test is an expanded application domain of GARDskin, and it is one of the first of its kind on the market.

Medical device company Sonova has entrusted SenzaGen to test materials with GARD®skin Medical Device during its product development phase. Sonova develops hearing solutions and aims to replace animal testing with non-animal, more effective and more accurate methods to the greatest degree possible. This project shows that SenzaGen meets the needs of the medical device industry.

RESPIRATORY ALLERGIES

GARD®air

GARDair is used to assess whether chemical substances in product candidates could cause respiratory allergies. The test is the first on the market, and is recommended for use during the research and development process. Evaluating whether a chemical could impact the respiratory system is also important for manufacturing in industries such as cosmetics, chemicals and pharmaceuticals and for specific occupational groups, such as painters and hairdressers. GARDair's development has been supported by the EU's SME program Horizon2020.

COMPETITORS

Alternative tests

The three main competing validated *in vitro* tests for skin sensitization are the Direct Peptide Reactivity Assay (DPRA), Human Cell Line Activation Test (hClat) and ARE-Nrf2 Luciferase Test Method (KeratinoSens). Each of these tests has lower predictive accuracy than GARDskin, because the tests measure individual biomarkers whereas SenzaGen's test measures approximately 200 biomarkers.[15]

In addition, there are other skin sensitization and potency tests that have not yet received regulatory approval, including Sens-IS and kinetic Direct Peptide Reactivity Assay (kDPRA).

GARDair is the only commercially available test that assesses a substance's respiratory allergenicity.

Animal tests

The primary animal test for skin sensitization is the Local Lymph Node Assay (LLNA), which is performed on mice. LLNA has long been a standard test for skin sensitization and has been shown to have a predictive accuracy of 70–75% in scientific reports.[16] Additionally, animal testing is both expensive and time-consuming.

For sources, see page 55

Industry insights from Dr. Mattias Öberg, toxicologist at Karolinska Institutet

”Preventing exposure is the most important form of protection”

“People are exposed to chemicals everywhere: at work, at school, at home, and in their spare time,” says Dr Mattias Öberg, toxicologist and risk assessor with his own team of researchers at Karolinska Institutet. To put this annual report in context, we interviewed him on the subject, what’s the latest in the field of chemicals?

“We live in a society of chemicals where almost all the products and services we use are dependent on chemicals. This means that people are exposed to chemicals everywhere: at work, at school, at home, and in their spare time.”

This is the opinion of Mattias Öberg, researcher at the Institute of Environmental Medicine at Karolinska Institutet where he conducts research on chemical risk assessment. In his role as a researcher, he participates in a series of international collaboration projects, including several EU projects and serves as a Swedish representative of the Nordic Expert Group for Criteria Documentation of Health Risks from Chemicals (NEG). To reach beyond the world of research, he has a blog, Toxicolour, and a podcast, Riskzonen (the Risk Zone), in which he and KI colleague Emma Frans provide “a scientific perspective on events that have shaken the world and impacted how we view risks”. In autumn 2020, he was also the opponent in SenzaGen researcher Robin Gradin’s thesis defense. The thesis was entitled GARD: An *in vitro* Platform for Toxicological Assay Development, and this was how we first came in contact.

Mattias Öberg states that, in Europe, there are over 20,000 different substances registered by the EU authorities. However, it’s a fact that there are far more chemicals around us, in our day-to-day lives, as the register does not include substances used in volumes under one tonne nor does it include complex mixtures or the substances formed when chemicals age and breakdown.

“The chemicals sector is subject to rapid change,” he says. ”In the EU, the chemicals industry has over EUR 500 billion in revenue and 30,000 companies create over one million direct jobs. Many are surprised when told that some of the sectors with the closest links to chemicals are construction, paper, textiles and food.”

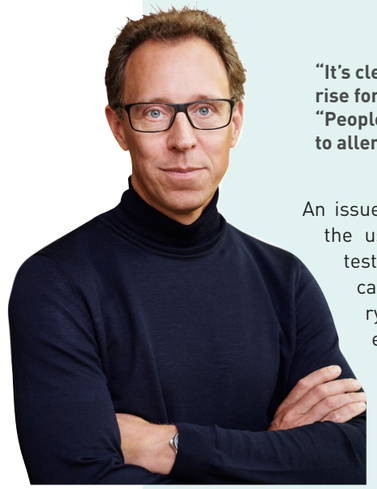
When considering international cooperation to protect people from harmful effects of chemicals, there is cause for both optimism and pessimism. Mattias Öberg points out that detailed knowledge of how the body works is advancing rapidly on the research front. Being able to understand mechanisms and map genes and proteins in this way opens up future possibilities to understand why we get sick and what causes health problems on an individual level.

“At the same time, the challenges we face today are that we know so little about all the different chemicals and mixtures,” he continues. “It’s impossible to have time to test all chemicals using animal methods. It’s slow, expensive and also yields results that usually have low relevance for the target group – humans. To achieve change, we must have better collaboration between each part of society, from politicians and regulators to businesses and researchers.”

How do we improve international collaboration?
What are the three most important actions that can be taken to improve collaboration between industry, academia, regulators and policymakers on a global arena?

- The issue of alternative methods must advance from strictly being a matter of animal ethics to being a question of research and innovation.
- Universities should be able to more clearly align their research around new methods, and better incentives are needed for mobility between academia and industry.
- My experience as a researcher is that you should involve companies and regulators in a research project at an early stage. Otherwise, there is a great risk that the project’s findings will not be usable in real life outside the lab.

The issue of alternative methods must advance from strictly being a matter of animal ethics to being a question of research, development and innovation.



“It’s clear that diseases with immunological mechanisms have been on the rise for a long time,” says Karolinska Institutet Toxicologist Mattias Öberg. “People seem to get allergies easier these days, and we are now exposed to allergenic chemicals in a different way than in the past.”

An issue many are involved in is the use of animal models to test toxic effects of chemicals. This can include everything from carcinogenic effects and fetal harm to allergies and eczema. Political decisions have been made in both the EU and the US to phase out testing on animals as soon as possible. And in its new research bill, the Swedish government set out a goal for Sweden to be a world leader in this area.

“Some countries are taking the lead by making national plans of action and investing funds to be on the cutting edge,” says Mattias Öberg. “This is considered strategically important for innovation and sustainable development.”

Mattias Öberg believes that, in the near future, we will see allergy tests on living animals as something very out of the ordinary. The results are not reliable and society also wants to move away from the ethically dubious regime of animal testing. He is confident that this change will happen fast as new methods come out that provide better results.

“Eliminating animal testing from all research and drug development will take a long time, but we’re talking more like five to ten years for chemical risk assessments involving allergies,” he says. “I find this similar to developments around pregnancy tests in the 1960s, when we moved away from guinea pigs to the type of sticks we use today in just a few years. Technological progress zoomed ahead of the old, slow animal-based methods. This also led to the creation of new businesses and products that offered women greater freedom.”

In his spare time and at work in his role as a supervisor, Mattias Öberg keeps track of what substances he, his family and his employees are at risk of exposure to – including everything from allergenic substances, such as hair dye substances and nickel, to foreign substances in the lab environment. “Preventing exposure is the most important form of protection,” he says.

Do you think that policymakers and regulators are keeping up with technological progress?
“No. Politicians and regulators usually do not know what is possible from a strictly technological perspective. Given that the system is based on a concept referred to as the mutual acceptance of data, the process determining which methods are approved is inherently slow. The problem is both a lack of expertise and a lack of trust between various entities. This is why the OECD has such an important role to play. Decisions are made there that all member countries have said they will follow.”

What research topics do you consider the most urgently needed at present?
“At this time, we are getting better and better at describing what mechanisms are in place, but we are not good at determining which steps in these mechanisms are the most important, the correlation between dose and response and how our approach should be for differences in sensitivity. In my own research, I try to find new ways to take into account variations and sensitive groups in the risk assessment of chemicals.”

The Three Rs Replace. Reduce. Refine.

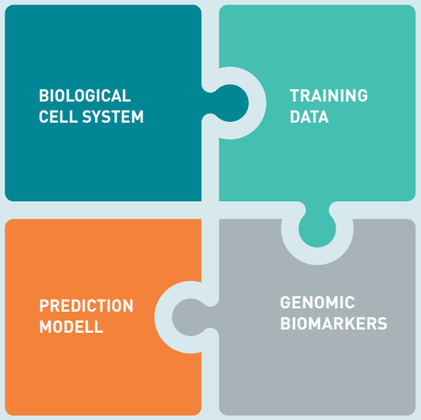
“The Three Rs are written into chemicals legislation. Alternative methods are mentioned as early as the first section in REACH. So there is a foundation in place. Unfortunately, many companies have not yet had the guts to make the switch because they are afraid that the regulators will block their products if they have not used traditional methods.”

Technology platform

SenzaGen's GARD® (Genomic Allergen Rapid Detection) platform comprises a series of tests that are all designed according to the same principle and are based on the analysis of a human cell's total response when exposed to different substances. At present, SenzaGen's products are focused on detecting and identifying the allergenicity of chemical substances – a process also referred to as sensitization.

To develop a method with high accuracy, SenzaGen uses dendritic cells – a cell type that plays a central role in the human immune defense against foreign substances. The Company examines the cell's total response, the entire gene expression, when it is exposed to allergenic substances and compares this with the response to substances that are not allergenic. The genes whose expression changes in different ways depending on whether the cell is exposed to an allergenic substance or a non-allergenic substance create a gene signature that can be used to identify the allergenicity of other substances. To further increase accuracy and sensitivity, the Company uses machine-learning methods specializing in pattern recognition. Modern data processing technologies and artificial intelligence are leveraged so all the information in a human's genetic material, genomics, can be used to provide an accurate answer as to whether a substance causes allergies.

GARD® comprises four key elements



Sensitization

The first step in the development of an allergy is sensitization to the substance. Sensitization occurs when substances the body considers foreign come in contact with our immune system for the first time. Allergies are caused by proteins or substances such as chemicals that are small enough to be absorbed via the skin, respiratory tract or other means. If these are considered foreign by the dendritic cells and also give rise to immunological "danger signals" and co-stimulation, sensitization occurs, which can lead to an allergy such as contact dermatitis or allergic asthma if the individual is exposed to the substance again. GARD® is designed to assess a substance's capacity to cause sensitization.

Dendritic cells

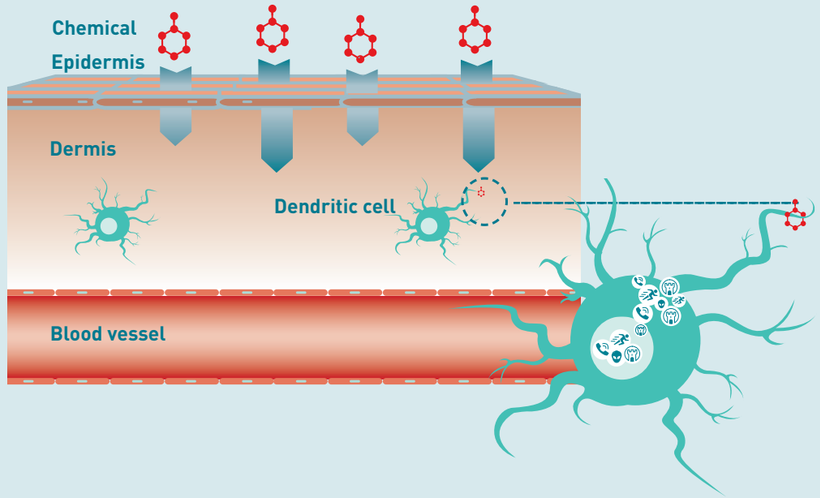
Dendritic cells are a type of white blood cell that specialize in identifying foreign substances. When these cells recognize substances that can be harmful to the body, they activate and regulate the other parts of the immune response to handle the foreign substance. The immune system's main task is to protect the body from attacks by various types of microorganisms, such as bacteria and viruses, but sometimes it reacts to other substances, which can lead to an allergic reaction.

When dendritic cells recognize a substance as foreign, they are activated and change their function and appearance. These changes start with the regulation of the gene expression of various genes; this can be measured using various techniques, and this is what serves as the foundation for the GARD® test's capability to differentiate between allergenic chemicals and non-allergenic chemicals.

Under a collaboration agreement between SenzaGen and US Research Institute for Fragrance Materials (RIFM), SenzaGen will receive a financial grant from RFIM to test several substances from RIFM in order to assess whether fragrance materials could cause skin allergies when exposed to sunlight (photosensitization). The need to measure the photosensitization risk is significant for product development companies in the cosmetics and chemicals industries.

"Identifying the photosensitization risk of fragrance ingredients with high accuracy is a need that fragrance stakeholders have long expressed. We support SenzaGen's investment in modern technologies and animal-alternative test methods, with the goal that RIFM will be able to use new approach methodologies without compromising scientific quality."

Gretchen Ritacco, Principal Scientist, Phototoxicology, RIFM.



Genomics

Genomics is defined as the study of an organism's entire genetic material (the genome) and how it functions. Increased knowledge about our genetic material enables us to measure how genes are regulated and expressed to predict biological functions and obtain an overall view of what is happening in the body during sensitization and similar processes. In total, there are approximately 25,000 genes in our genetic material that each have different tasks and express or turn off as needed. Genomic tests have the capability to examine all of these genes and how they are regulated in a cell, tissue or organ in response to various circumstances. Examining all genes gives us a detailed view of, for instance, what happens in a dendritic cell when it is exposed to an allergenic substance. Understanding and analyzing all the information usually requires modern data processing. GARD® is based on a gene structure developed using genomics, statistical analysis and machine learning.

Machine learning

Modern machine learning allows computers to recognize patterns in large quantities of data. The term machine learning refers to computers' ability to learn from data without having to be programmed for the specific task. The technology is used for purposes such as image analysis to identify tumors and, in SenzaGen's case, to recognize gene expression in dendritic cells exposed to allergenic substances. By training the Company's model on the gene signatures developed, SenzaGen has succeeded in generating prediction models that accurately classify a substance as potentially allergenic or non-allergenic.

Sustainability report

SenzaGen's core business is centered around accurate, effective and non-animal tests to determine whether a chemical could cause allergies. These tests enable companies in several industries to avoid allergenic substances in their products while creating better production environments for their employees. As a result, SenzaGen's tests contribute to safer, ethical and more sustainable products reaching the market while also reducing the number of animal tests.

2020 progress

In 2020, SenzaGen took the next step in its growth to focus on the international market. To increase focus on sustainable conduct, the Company adopted the UN Global Compact's ten principles as guidelines. In parallel, the Company implemented a consolidated quality management system and ensured that laboratory operations meet the international standard for good laboratory practice (GLP). The Company also created new policies and procedures for recruitment and talent management.

Business ethics and the UN sustainability initiatives

SenzaGen aims to always maintain a high level of ethics in business-related situations. Therefore, in 2020, the Company adopted the United Nations Global Compact's ten principles for corporate sustainability as guidelines for how employees should perform their work and behave in business contexts. The principles involve human rights, labor, the environment and anti-corruption. In addition to these principles, the Company has created a separate policy for gifts and bribes that employees and partners have been subject to since 2018.

Work to update and implement policies is done on an ongoing basis and is prioritized as can be expected in our business. Since the start of 2021, we have been working on making the fundamental values expressed in the Global Compact's ten principles clearer in a code of conduct that will apply to SenzaGen employees and board of directors.

Quality

SenzaGen develops tests and analyzes customer samples in compliance with applicable legislation, directives, standards and regulatory requirements. Therefore, quality and quality management are an integral part of the Company's operations.

Quality management system

In 2020, SenzaGen implemented a new quality management system to ensure that its products and services are developed and rendered in compliance with set requirements. The quality management system's foundation is the Company's quality manual, which describes what activities to perform and how to shape processes to assure quality.

The Company's quality policy is an extension of the quality manual and is based on the seven quality management principles of ISO standard 9001. The policy reflects SenzaGen's views on quality, and all employees must follow and integrate the policy into their daily work.

GLP-approved lab operations

To meet both the customer's internal quality requirements and the regulatory requirements for study data used in product filings with regulators like the Swedish Medical Products Agency or the FDA, SenzaGen worked to obtain GLP-approval for its lab operations. In May 2020, Sweden's national accreditation body, Swedac, found that SenzaGen's lab and its use of the GARD® test platform meet the GLP requirements. The approval affirms that SenzaGen's laboratory operations have ensured that customer studies subject to GLP requirements can be performed with the quality specified by regulators when the study is used as documentation for regulatory purposes.

GLP stands for Good Laboratory Practice and is a quality system of requirements and principles to assure the quality of non-clinical safety studies. What constitutes GLP is defined by the OECD for use as a global standard requirement to ensure high-quality and reliable results for product filings and regulatory approval.

Environment

SenzaGen's day-to-day work both within and outside of its laboratory operations is not energy-intensive and does not have any significant impact on the environment. Also, the Group's operations do not require any permits under Swedish environmental law. At the same time, SenzaGen advocates for and takes measures to improve the environment in every area possible in line with the UN's principles for corporate sustainability. We aim to always use energy, materials and other resources sparingly.

Our main focus is on following the precautionary principle and meeting the Company's strategic initiatives to create efficient workflows, processes and ways of working with the least possible environmental impact. For example, SenzaGen has procedures in place for chemical and waste management in its lab environment and has followed the Swedish Environmental Protection Agency's new digital systems for tracking hazardous waste since 2020. Procedures are also in place for energy-efficient technical equipment, digital meetings and source-separated recycling. During the COVID-19 pandemic, travel and physical meetings have been canceled, but SenzaGen plans to create a procedure for minimizing environmental impact and carbon offsetting the business trips and flights the Company needs to take in the future. In January 2021, the Company's headquarters at Medicon Village in Lund, Sweden were connected to the research park's new technical energy solution Ectogrid. As a result, the buildings in the area now share surplus heat and cooling with one another. The solution disposes of waste heat and is expected to drastically reduce the energy needs of SenzaGen and the other businesses in the area.

SenzaGen in society

In society, from the grassroots level to government agencies, demand is on the rise for more sustainable and ethical product development and production. Initiatives are being pursued to reduce, replace and refine animal testing (the Three Rs), with national and international bodies and agencies working to improve animal welfare and to decrease the number of animals used in tests. In the role of experts, several SenzaGen employees participate in various working groups to advance broad acceptance of non-animal testing and the Three R Principles:

- Swedish 3Rs Center
- Swedish Fund for Research Without Animal Experiments (Forska utan djurförsök)
- CAAT: Center for Alternatives to Animal Testing in Europe
- ISO 10993 for biological evaluation of medical devices
- OECD Expert Group on IP issues Test Guidance
- ESTIV: European Society for Toxicology *In Vitro*

Working toward measurable goals with Agenda 2030

SenzaGen plans to identify specific and measurable sustainability goals to track sustainability activities and implement these in the development of its entire business. The UN Global Compact and the UN's 17 global sustainable development goals (SDGs) serve as the foundation for these efforts. SenzaGen's business has a clear link to Goal 3: Good Health and Well-Being, especially target 3.9, which aims to reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. SenzaGen's employees enjoy skills development and a stable workplace, which affects Goal 4: Quality Education and Goal 8: Decent Work and Economic Growth. By engaging in systematic efforts to minimize the risk of corruption, we contribute to strengthening the rule of law and promoting human rights in Goal 16: Peace, Justice and Strong Institutions.

SenzaGen and its employees

For SenzaGen, its employees are its most valuable resource. Their well-being and skills are essential to good performance, high-quality work and the Company's growth. Since early 2020, SenzaGen has pursued an updated strategy aiming to work in an agile, customer-centric manner and be responsive to external stakeholders. One of SenzaGen's most important sustainability issues is ensuring we have the right skills and that our employees are in good health and developing within the organization. In this area, our focus is on skills development, corporate culture, health and safety.

The right skills and capabilities

Recruiting and retaining qualified and skilled employees is essential to realizing the Company's business strategies. The right experience and engagement along with efficient ways of working are key components of the Company's ongoing growth. SenzaGen frequently plays the role of problem solver for customers, which requires creativity and employees with a high level of business know-how and technical expertise. In addition, processes and work tools must be efficient. In 2020, the Company strengthened its organization by adding a VP HR with responsibility for strategic HR, and the Company implemented procedures for recruitment and talent management.

Culture and values

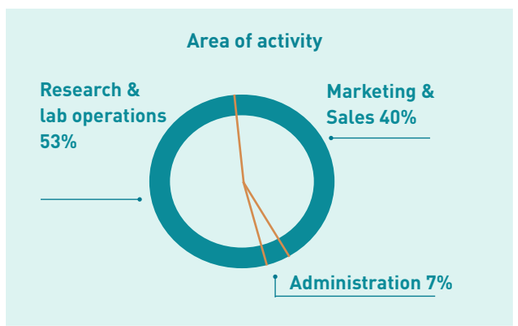
To succeed in its mission, SenzaGen aims to create a culture where every employee is given the opportunity to develop, influence their own work situation and maintain a good work-life balance to avoid stress and illness. To create a strong and sustainable culture, both managers and employees must actively work to establish and maintain the culture envisioned by the organization. An open and transparent corporate culture builds trust, which in turn increases efficiency and opportunities within the organization. Since the start of 2021, an internal project to update our values has been underway with the organization's strategies and business goals as a foundation. As a result of this project, the core values and principles of conduct we set out will influence decisions, communications and everyday actions. They will also be clear both within our organization and externally to customers, partners and other stakeholders. The Company's focus on values and culture is considered especially important in times when many are working from home and remotely.

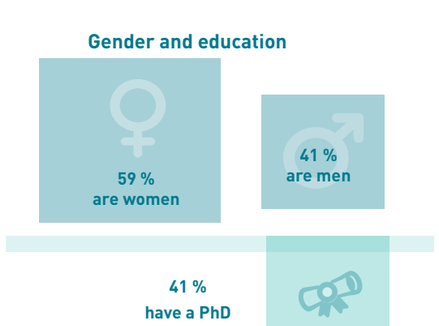
Health, safety and working conditions

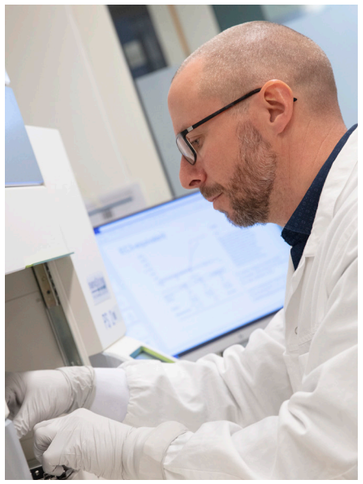
As a responsible employer, SenzaGen does everything it can to promote diversity and good health. SenzaGen seeks to offer a healthy and safe work environment with good working conditions. These matters are governed in SenzaGen's employee handbook. In addition, the new principles of conduct require respect for human rights and labor law.

At SenzaGen, everyone should have equal rights and opportunities and be treated equally in terms of working conditions and terms of employment. Employees are expected to comply with and embody principles of conduct, values and Swedish legislation, thus treating everyone within and outside of SenzaGen with respect.

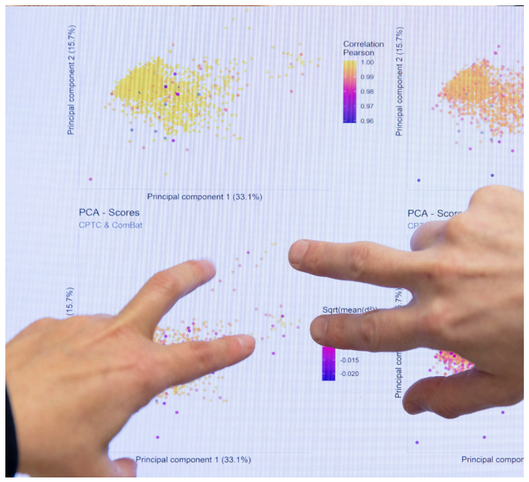
To promote health, SenzaGen offers free group exercise sessions during lunch, a wellness allowance, health checkups and disability insurance benefits. In 2021, the Company will discuss questions of well-being, job satisfaction and perceived health situation during its annual performance reviews.







Values: Creative, engaged and trustworthy



DIRECTORS' REPORT

The Board of Directors and CEO of SenzaGen AB (publ) (556821-9207), based in Lund, hereby present the annual report and consolidated financial statements for the 2020 financial year.

General business information

SenzaGen provides state-of-the-art non-animal tests for assessing a substance's allergenicity. The GARD® test method combines genomic data from human cells with machine learning for a unique capability to identify and analyze whether a chemical could cause allergic reactions on the skin or in the respiratory tract. With excellent predictivity, GARD meets needs in several industries and helps companies develop, produce and deliver safer, ethical and more sustainable products. GARD tests are performed in SenzaGen's GLP-approved lab and by select partners in Europe and the US. SenzaGen has its headquarters in Lund, Sweden and a subsidiary in the US. SenzaGen was founded in 2010 and has been listed on the Nasdaq First North since 2017.

Research and development

SenzaGen conducts several research projects to strengthen its product portfolio. The Company's product development is based on the GARD technology platform, which is robust, functional and has potential in a wide variety of toxicology fields and applications. In 2020, the Company completed GARD®skin Dose-Response, a test that provides information on the dose at which a substance causes allergy.

Financial performance

Consolidated net sales for the year totaled SEK 7,958 (2,724) thousand.

The majority of sales are in USD and EUR to companies outside Sweden, which means that the Company's sales and earnings are impacted by fluctuations in these currencies.

The consolidated operating loss was SEK -27,098 (-37,927) thousand.

Operating expenses for the year totaled SEK 35,305 (44,693) thousand. The decrease in operating expenses is largely due to the restructuring of the organization.

SenzaGen capitalizes new development expenditure and recognizes patents in the balance sheet on an ongoing basis. Total investments in intangible assets for the year were SEK 2,425 (2,915) thousand, with patents and trademarks accounting for SEK 2,091 (1,805) thousand of this amount. Capitalized expenditure for in-house development projects totaled SEK 334 (2,192) thousand. In 2019, a direct-write down of development expenditure amounting to SEK 1,082 thousand was recognized due to EU grants. In the second half of 2020, the Company recognized an SEK 508 thousand impairment loss on a development project that was charged to profit or loss.

The Group's cash and cash equivalents at the end of the year totaled SEK 89,343 (120,467) thousand.

Net cash from operating activities for the year was SEK -29,376 (-31,081) thousand. Cash flow for the period was impacted by outlays due to restructuring, decreased trade payables, increased trade receivables and inventory accumulation. Total net cash flow for the year amounted to SEK -31,124 (63,835) thousand.

During the year, 217,500 stock options were granted under the incentive programs for the employees and board adopted by the extraordinary general meeting in December 2019.

The 2020 Annual General Meeting (AGM) resolved to authorize the board to resolve to issue new shares, of which the combined total results in no more than a 20% increase in share capital based on the total share capital at the time of the 2020 AGM.

Significant events during the year

The ESAC's scientific evaluation of GARD® was in progress during the year. Their opinion was delayed until 2021 as a result of the COVID-19 pandemic.

Risks and uncertainties

SenzaGen's business is exposed to several operational risks. These risks mainly comprise uncertainty concerning market growth and product development.

Financing needs and capital

SenzaGen's future plans may result in increased expenses for the Company. A delay in penetrating new markets could result in poorer earnings for the Company. The possibility that SenzaGen may need to raise additional capital cannot be ruled out. Additionally, the Company cannot guarantee that it will be able to raise such additional capital.

Key personnel and employees

SenzaGen's key personnel have great expertise and long-standing experience in the Company's area of activity. Losing one or more key employees could have negative consequences for the Company's business and results of operations.

Competitors

Extensive investment and product development from a competitor could cause risks in the form of poorer sales. Additionally, companies with global operations that currently operate in adjacent areas could decide to expand to SenzaGen's area of activity. Increased competition could have a negative impact on sales and earnings for the Company in the future.

Business cycle and foreign exchange risk

External factors such as changes in inflation, exchange rates and interest rates, supply and demand and expansions and contractions can have an impact on operating expenses, sales prices and share value. SenzaGen's future revenue and share value could be negatively impacted by these factors, which are beyond the Company's control. Part of sales revenue may be received in international currencies. Exchange rates could fluctuate significantly.

Market growth

SenzaGen plans to expand in the coming years by increasing market share in the countries and regions in which it already has sales and by expanding to new countries. Expanding to new countries and regions could result in challenges and risks that are difficult to anticipate. In addition, expansions could be delayed, thus causing losses in revenue. Growth could result in organizational challenges. It could be difficult to find and integrate the right personnel into the organization.

Patents

SenzaGen holds several patents. The Company cannot guarantee that an approved patent will provide effective commercial protection in the future.

Product development

SenzaGen will continue to develop new products and refine existing products in its area of activity. Time and cost aspects of product development could be difficult to estimate accurately in advance. This results in a risk that planned product development activities will cost more in terms of time and money than planned.

Product liability

Considering the nature of SenzaGen's business, it is relevant to take the Company's product liability into account, which arises when the Company develops and commercializes products. The board considers the Company's current insurance coverage to be satisfactory in consideration of the nature and extent of its business. However, there is no guarantee that the Company's insurance coverage will be able to cover any future legal claims in full, which could impact SenzaGen's business and results of operations negatively.

Legislation and regulations

If SenzaGen's business were to be subject to regulatory restrictions or if the Company does not receive required future regulatory authorizations, this could negatively impact SenzaGen commercially and financially.

Outlook

SenzaGen aims to increase the market's general knowledge of the Company's technology by marketing and selling GARD® to customers in select industries. The Company plans to continue expanding internationally by strengthening its own organization and by signing contracts with contract laboratories and distributors. The sales and partner recruitment efforts initiated by the Company lay the foundation for achieving the financial target of reaching breakeven by 2022.

Proposed appropriation of retained earnings

SEK	
The following retained earnings are available for appropriation by the AGM:	
Retained earnings	128,546,621
Option premium	698,050
Profit/loss for the year	-27,256,674
The board proposes that the following amount be carried forward	101,987,997

Dividend

The board proposes no dividend for the 2020 financial year.

CONSOLIDATED INCOME STATEMENT

SEK thousand	Note	2020	2019
	1		
Operating income			
Net sales	2	7,958	2,724
Cost of goods sold		-2,380	-1,416
Gross profit/loss		**5,578**	**1,308**
Operating expenses	4,5,6,7,8		
Selling expenses		-20,841	-16,627
Administrative expenses		- 8,357	-18,212
Research and development expenditure		-2,626	-8,335
Other operating income		249	4,042
Other operating expenses		-1,101	-103
Operating profit/loss		**-27,098**	**-37,927**
Profit/loss from financial items			
Interest income and similar items	8	76	185
Interest expenses and similar items	8	-146	-
Profit/loss after financial items		**-27,168**	**-37,743**
Profit/loss before tax		**-27,168**	**-37,743**
Tax on profit/loss for the year	9	-	-12,494
PROFIT/LOSS FOR THE YEAR		**-27,168**	**-50,237**
Share of profit/loss attributable to Parent Company shareholders		-27,168	-50,237
Share of profit/loss attributable to minority interests		0	0

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	2020	2019
	1		
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	7,158	9,376
Concessions, patents, licenses, trademarks and similar rights	11	8,209	6,703
Total intangible assets		**15,367**	**16,079**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	12	2,097	3,723
Total property, plant and equipment		**2,097**	**3,723**
Financial assets			
Non-current receivables		-	-
Total financial assets		**0**	**0**
Total non-current assets		**17,464**	**19,352**
Current assets			
Inventories		1,065	704
Total inventories		**1,065**	**704**
Current receivables			
Trade receivables		1,521	205
Other receivables		933	1,262
Prepaid expenses and accrued income	16	1,222	970
Total current receivables		**3,676**	**2,437**
Cash and bank balances		89,343	120,467
Total current assets		**94,084**	**123,608**
TOTAL ASSETS		**111,548**	**142,960**

CONSOLIDATED BALANCE SHEET

SEK thousand	Note	2020	2019
	1		
EQUITY AND LIABILITIES			
Equity	18		
Share capital		1,068	1,068
Other contributed capital		5,822	105,713
Retained earnings		128,070	77,667
Profit/loss for the year		-27,168	-50,237
Total equity attributable to Parent Company shareholders		**107,792**	**134,211**
Provisions			
Restructuring provision	5	0	3,092
Total provisions		**0**	**3,092**
Current liabilities			
Trade payables		1,306	2,843
Current tax liabilities		462	485
Other liabilities		702	797
Accrued expenses and deferred income	17	1,286	1,532
Total current liabilities		**3,756**	**5,657**
TOTAL EQUITY AND LIABILITIES		**111,548**	**142,960**

CONSOLIDATED CASH FLOW STATEMENT

SEK thousand	Note	2020	2019
	1		
Cash flows from operating activities			
Profit/loss after tax		-27,168	-50,237
Adjustments for non-cash items			
Depreciation and amortization	10,11,12	3,826	3,004
Impairment losses	10	508	-
Restructuring provision	5	-	3,092
Foreign currency translation, unrealized		51	-15
Tax	9	-	12,494
Changes in working capital			
Changes in inventories		-361	-704
Changes in current receivables		-1,239	161
Changes in current liabilities		-4,993	1,124
Net cash from operating activities		**-29,376**	**-31,081**
Cash flows from investing activities			
Acquisitions of intangible assets, including capitalized development expenditure	10.11	-2,425	-2,915
Acquisitions of property, plant and equipment	12	-21	-696
Acquisitions/disposals of financial assets		-	-
Net cash from investing activities		**-2,446**	**-3,611**
Cash flows from financing activities			
New share issue		-	105,958
Transaction expenses attributable to new share issue		-	-10,749
Option premium		698	0
Option redemption		-	3,318
Net cash from financing activities		**698**	**98,527**
NET CASH FLOW FOR THE YEAR		**-31,124**	**63,835**
Cash and cash equivalents at start of period		120,467	56,632
Cash and cash equivalents at end of period		89,343	120,467
Supplementary cash flow statement disclosures			
Interest received during the year		76	84
Interest paid during the year		-1	-1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	ACCUMULATED PROFIT/LOSS	TOTAL EQUITY
Opening balance at 1/1/2016	**108**	**42,501**	**-1,002**	**41,608**
2016 loss			-8,899	-8,899
Options		54		54
Translation difference			-52	-52
Closing balance at 31/12/2016	**108**	**42,555**	**-9,953**	**32,711**
2017 loss			-12,994	-12,994
Bonus issue	433		-433	0
New share issue	232	89,881		90,113
Issue expenses		-9,012		-9,012
Options		257		257
Translation difference			-65	-65
Closing balance at 31/12/2017	**773**	**123,681**	**-23,445**	**101,010**
2018 loss			-16,090	-16,090
New share issue	6	2,334		2,340
Options		111		111
Minority acquisitions			-1,369	-1,369
Translation difference			-66	-66
Closing balance at 31/12/2018	**779**	**126,126**	**-40,970**	**85,936**
2019 loss			-50,237	-50,237
New share issue	281	105,677		105,958
Issue expenses		-10,749		-10,749
Option redemption	8	3,310		3,318
Foreign currency effects			-15	-15
Closing balance at 31/12/2019	**1,068**	**224,364**	**-91,222**	**134,211**
2020 loss			-27,168	-27,168
Options		698		698
Foreign currency effects			51	51
Closing balance at 31/12/2020	**1,068**	**225,062**	**-118,339**	**107,792**

PARENT COMPANY INCOME STATEMENT

SEK thousand	Note	2020	2019
	1		
Operating income			
Net sales	2.3	7,958	2,724
Cost of goods sold		-2,380	-1,416
Gross profit/loss		**5,578**	**1,308**
Operating expenses	4,5,6,7,8		
Selling expenses		-20,941	-16,740
Administrative expenses		-8,357	-18,212
Research and development expenditure		-2,626	-8,334
Other operating income		249	4,042
Other operating expenses		-1,101	-103
Operating profit/loss		**-27,198**	**-38,039**
Profit/loss from financial items			
Interest income and similar items	8	87	198
Interest expenses and similar items	8	-146	-1
Profit/loss after financial items		**-27,257**	**-37,842**
Tax on profit/loss for the year	9	-	-12,494
PROFIT/LOSS FOR THE YEAR		**-27,257**	**-50,336**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	2020	2019
	1		
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development expenditure	10	7,158	9,376
Concessions, patents, licenses, trademarks and similar rights	11	8,209	6,703
Total intangible assets		**15,367**	**16,079**
Property, plant and equipment			
Equipment, tools, fixtures and fittings	12	2,097	3,273
Total property, plant and equipment		**2,097**	**3,273**
Financial assets			
Investments in Group companies	13	84	84
Receivables from Group companies		1,076	1,318
Total financial assets		**1,160**	**1,402**
Total non-current assets		**18,624**	**20,754**
Current assets			
Inventories		1,065	704
Total inventories		**1,065**	**704**
Current receivables			
Trade receivables		1,532	219
Other receivables		931	1,259
Prepaid expenses and accrued income	16	1,215	961
Total current receivables		**3,678**	**2,439**
Cash and bank balances		88,961	120,005
Total current assets		**93,704**	**123,148**
TOTAL ASSETS		**112,328**	**143,902**

PARENT COMPANY BALANCE SHEET

SEK thousand	Note	2020	2019
	1		
EQUITY AND LIABILITIES			
Equity	18		
Restricted equity			
Share capital		1,068	1,068
Development expenditure fund		5,123	7,341
Non-restricted equity			
Share premium reserve		-	98,371
Option premium		698	-
Retained earnings		128,547	78,294
Profit/loss for the year		-27,257	-50,336
Total equity		**108,179**	**134,738**
Provisions			
Restructuring provision	5	0	3,092
Total provisions		**0**	**3,092**
Current liabilities			
Trade payables		1,240	2,711
Current tax liabilities		462	485
Liabilities to Group companies		459	547
Other liabilities		702	797
Accrued expenses and deferred income	17	1,286	1,532
Total current liabilities		**4,149**	**6,072**
TOTAL EQUITY AND LIABILITIES		**112,328**	**143,902**

PARENT COMPANY CASH FLOW STATEMENT

SEK thousand	Note	2020	2019
	1		
Cash flows from operating activities			
Profit/loss after tax		-27,257	-50,336
Adjustments for non-cash items			
Depreciation and amortization	10,11,12	3,826	2,990
Impairment losses	10	508	-
Restructuring provision	5	-	3,092
Tax	9	-	12,494
Changes in working capital			
Changes in inventories		-361	-704
Changes in current receivables		-1,238	169
Changes in current liabilities		-5,015	691
Net cash from operating activities		**-29,537**	**-31,604**
Cash flows from investing activities			
Acquisitions of intangible assets, including capitalized development expenditure	10.11	-2,425	-2,915
Acquisitions of property, plant and equipment	12	-21	-696
Acquisitions/disposals of financial assets		242	247
Net cash from investing activities		**-2,204**	**-3,364**
Cash flows from financing activities			
New share issue		-	105,958
Transaction expenses attributable to new share issue		-	-10,749
Option premium		698	0
Option redemption		-	3,318
Net cash from financing activities		**698**	**98,527**
NET CASH FLOW FOR THE YEAR		**-31,043**	**63,559**
Cash and cash equivalents at start of period		120,005	56,446
Cash and cash equivalents at end of period		88,962	120,005
Supplementary cash flow statement disclosures			
Interest received during the year		87	98
Interest paid during the year		-1	-1

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK thousand	SHARE CAPITAL	DEVELOPMENT EXPENDITURE FUND	SHARE PREMIUM RESERVE	SHARE CAPITAL IN PROCESS OF REGISTRATION	SHAREHOLDERS' CONTRIBUTIONS	RETAINED EARNINGS INCLUDING PROFIT/LOSS FOR THE YEAR	TOTAL EQUITY
Opening balance at 1/1/2016	**108**		**42,381**	**0**	**120**	**-1,003**	**41,607**
2016 loss						-8,725	-8,725
Options	54						54
Development expenditure		2,334				-2,334	0
Closing balance at 31/12/2016	**162**	**2,334**	**42,381**	**0**	**120**	**-12,062**	**32,936**
2017 loss						-12,675	-12,675
AGM resolution			-42,381		-120	42,501	0
Bonus issue	433					-433	0
New share issue	232		89,881				90,113
Issue expenses			-9,012				-9,012
Options						257	257
Reclassification of options	-54					54	0
Development expenditure		3,574				-3,574	0
Closing balance at 31/12/2017	**773**	**5,908**	**80,869**	**0**	**0**	**14,068**	**101,620**
2018 loss						-17,524	-17,524
AGM resolution			-80,869			80,869	0
New share issue	6		2,334				2,340
Options			111				111
Development expenditure		1,741				-1,741	0
Closing balance at 31/12/2018	**779**	**7,649**	**2,445**	**0**	**0**	**75,672**	**86,546**
2019 loss						-50,336	-50,336
AGM resolution			-2,445			2,445	0
New share issue	281		105,677				105,958
Issue expenses			-10,749				-10,749
Option redemption	8		3,443			-133	3,318
Development expenditure		-308				308	0
Closing balance at 31/12/2019	**1,068**	**7,341**	**98,372**	**0**	**0**	**27,956**	**134,738**
2020 loss						-27,257	-27,257
AGM resolution			-98,372			98,372	0
Options			698				698
Development expenditure		-2,218				2,218	0
Closing balance at 31/12/2020	**1,068**	**5,123**	**698**	**0**	**0**	**101,289**	**108,179**

NOTES

NOTE 1
Accounting policies

Financial statements are prepared in compliance with the Swedish Annual Accounts Act and the general advice of the Swedish Accounting Standards Board in BFNAR 2012:1 (K3). These policies have not been changed since the previous year.

The income statement presentation method was changed on 1 January 2020 from the nature of expense method to the function of expense method given the business's development from a research company to a commercial enterprise. Therefore, the comparative figures have been restated using the function of expense method for the Group and the Parent Company.

As a result of the use of the function of expense method for presentation of the income statement, own work capitalized is now included in the total for research and development expenditure instead of being recognized as its own line item under the Operating income heading.

Receivables

Receivables have been recognized at the amount expected to be received.

Other assets, provisions and liabilities

Other assets, provisions and liabilities have been measured at cost unless otherwise specified below.

Revenue recognition

Revenue is measured at the fair value of the amount received or receivable. As a result, the Company recognizes revenue at its nominal value (invoice amount) if the consideration is received in cash or cash equivalents immediately upon delivery. Any discounts provided are deducted.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The assets are depreciated on a straight-line basis over their expected useful lives except for non-depreciable land. The useful lives are reassessed at each balance sheet date. The following useful lives are applied:

	Number of years
Equipment, tools, fixtures and fittings	5

Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. The assets are amortized on a straight-line basis over their expected useful lives.

The useful lives are reassessed at each balance sheet date. Projects in progress are not amortized. Instead they are tested for impairment annually.

Patents are amortized over their term.

	Number of years
Concessions, patents, licenses, trademarks and similar rights	1-20

Capitalization of internally generated intangible assets

Capitalization model

The Company recognizes internally generated intangible assets in compliance with the capitalization model. Under this model, all expenses incurred during the research phase are expensed as incurred. All expenses incurred during the development phase are capitalized if they meet the criteria of BFNAR 2012:1.

Cost includes employee benefit expenses and consulting expenses incurred during development activities along with a reasonable share of relevant overhead costs and any borrowing costs.

Leases

All leases are expensed on a straight-line basis over the term of the lease.

Income tax

Current tax is the income tax for the current financial year on the taxable profit or loss for the year and the share of the income tax of previous financial years that has not yet been recognized.

Current tax is measured at the probable amount using the tax rates and tax laws in force at the balance sheet date.

Receivables and liabilities in foreign currency

Monetary receivables and liabilities in foreign currency have been translated using the exchange rate at the balance sheet date.

Exchange differences arising when monetary items are settled or translated are recognized in profit or loss during the financial year they arise, either as an operating item or as a financial item depending on the underlying transaction.

Estimates and judgements

Management makes estimates and assumptions about the future. These estimates do not always correspond to the actual results. The estimates and assumptions that may lead to risks of substantial adjustments to the carrying amounts of assets and liabilities are primarily those that involve the measurement of capitalized development expenditure. Assets are tested each year for any indication that the value of an asset is lower than its carrying amount. If such an indication is found, the asset's recoverable amount is calculated, which is the lower of the asset's fair value less costs of disposal and its value in use.

NOTE 2
Operating income

Consolidated net sales for 2020 mainly comprise sales of the GARD® product family totaling SEK 7,958 thousand.

NOTE 3
Intra-Group purchases and sales

Of the Parent Company's total purchases and sales, SEK 2,022 (2,372) thousand is from intra-Group purchases and SEK 0 (0) thousand from intra-Group sales.

NOTE 4
Leases

The Group has the following operating leases.

	2020	2019
Paid during the year	1,398	1,345
Future operating leases:		
Maturing within one year	1,395	1,357
Maturing within 2–5 years	4,131	1,536
Maturing later than 5 years	-	-
Total future leases	**5,526**	**2,893**

The lease payments are for cars, machinery and premises.

NOTE 5
Employees and employee benefit expenses

	2020	2019
5.1 Average number of employees		
Men	7	7
Women	11	15
Total	**18**	**22**
Note: The Parent Company and the Group have the same number of employees.		
5.2 Expensed salaries and other benefits:		
Salaries and benefits – board and CEO	2,650	3,483
Salaries and benefits – other employees	8,598	13,947
Total	**11,248**	**17,430**
5.3 Social security expenses		
Pension expenses including social security contributions for CEO	360	537
Pension expenses including social security contributions for other employees	2,040	1,945
Other social security contributions	3,577	4,120
Total	**5,977**	**6,602**

A provision for organizational restructuring was charged to employee benefit expenses in 2019.

	31/12/2020	31/12/2019
Gender distribution among senior executives		
Percentage of men on board	57%	50%
Percentage of men among senior executives	50%	38%

NOTE 6
Agreed remuneration of senior executives

Salaries and other benefits	Base salary / directors' fees	Variable remunera-tion	Other benefits	Pension expenses	Total
Carl Borrebaeck, Chairman	200	-	-	-	200
Laura Chirica, Director	100	-	-	-	100
Ann Gidner, Director until 8 May 2020	33	-	-	-	33
Anki Malmborg Hager, Director	100	-	-	-	100
Ian Kimber, Director	100	-	-	-	100
Paul Yianni, Director as of 8 May 2020	67	-	-	-	67
Paula Zeilon, Director as of 8 May 2020	67	-	-	-	67
Peter Nählstedt, Director	100	-	-	-	100
Total for board	**767**	**-**	**-**	**-**	**767**
CEO and other senior executives					
Axel Sjöblad, CEO	1,900	-	112	290	2,302
Other senior executives (5 people)	4,081	-	-	707	4,788
Total for senior executives	**5,981**	**-**	**112**	**997**	**7,090**
Total for board and senior executives	**6,748**	**-**	**112**	**997**	**7,857**

Policies

Fees are paid to the board chairman and directors as per AGM resolution. Remuneration of the CEO and other senior executives consists of a base salary and other benefits (company car). Apart from the CEO, the Company's senior executives comprise five employees and two external members.

The 2020AGM resolved on the fees set out above.

Deliberation and decision-making process

A resolution on the CEO's remuneration and benefits was passed by the SenzaGen Board of Directors. The CEO is preparing a proposal on the remuneration and benefits of other senior executives that will be presented to the board.

Comments on tables

Termination benefits

Both SenzaGen and the CEO shall observe a six month notice period. The CEO is entitled to special severance pay for six months. During the notice period, the CEO is entitled to unchanged fringe benefits, including bonuses. Other senior executives are subject to a notice period of between three and six months in the event of termination by either party. No special severance pay will be due.

Share-based remuneration

No directors or other senior executives hold any share-related remuneration (options, convertibles or the like).

SenzaGen has an employee stock option plan for employees and directors that are not employed by SenzaGen (see Note 18).

The cost of this plan for senior executives and the board was charged to profit or loss in the amount of SEK 0 thousand.

Related party transactions

Via his company Ocean Capital, Board Chairman Carl Borrebaeck has been hired by SenzaGen on a consulting basis to provide scientific and strategic project support for the Company. In 2020, a total of SEK 147 thousand was paid in remuneration to Ocean Capital.

Director Peter Nählstedt served as interim VP Sales in 2019. In 2020, a total of SEK 666 thousand was paid to Peter Nählstedt's company ReEnergize Consulting AB for his work as interim VP Sales.

Via his company Linton & Wahlgren AB, Chief Legal Officer Mikael Wahlgren invoiced SenzaGen a total of SEK 796 thousand for his work in 2020.

Agreements were based on market terms.

Apart from the remuneration disclosed above, the Company did not engage in any transactions with directors or other related individuals and subsidiaries in 2020.

NOTE 7
Fees and remuneration of Company's auditors

	2020		2019	
	Group	Parent Company	Group	Parent Company
Audit engagement, Mats-Åke Andersson, HLB Auditoriet AB	268	268	145	145
Audit engagement, Mazars SET Revisionsbyrå	-	-	57	57
Auditing activities in addition to audit engagement, Mazars SET Revisionsbyrå	-	-	5	5
Total	**268**	**268**	**207**	**207**

At the 2020 AGM, Mats-Åke Andersson was appointed SenzaGen's auditor and Martin Gustafsson was appointed alternate auditor. Mats-Åke Andersson and Martin Gustafsson are authorized public accountants and members of the Institute for the Accountancy Profession in Sweden (FAR).

Audit engagements involve auditing the annual report, the accounting records and the management on the part of the board and CEO, other duties that the Company's auditor is required to perform and providing advice or other assistance prompted by observations during the audit or the performance of other tasks.

NOTE 8
Interest income and interest expenses

Interest income and similar items	Group		Parent Company	
	2020	2019	2020	2019
Interest income	76	84	87	98
Other items	0	100	0	100
Total	**76**	**184**	**87**	**198**

Interest expenses and similar items	Group		Parent Company	
	2020	2019	2020	2019
Interest expenses	-1	-1	-1	-1
Other items	-146	0	-146	0
Total	**-147**	**-1**	**-147**	**-1**

NOTE 9
Deferred tax

	Accumulated deferred tax assets	Deferred tax assets for the year
31/12/2020	-	-
31/12/2019	0	-12,494
31/12/2018	12,494	4,517
31/12/2017	7,977	3,548
31/12/2016	4,430	2,447
31/12/2015	1,983	1,983
31/12/2014	-	-

Deferred tax assets, a non-cash balance sheet item, was reversed in conjunction with the board's resolution on a new financial target on 19 September 2019.

NOTE 10
Capitalized development expenditure

	31/12/2020	31/12/2019
Opening cost	23,536	21,344
Acquisitions	334	2,192
Retirements	-508	-
Closing accumulated cost	**23,362**	**23,536**
Accumulated amortization		
Opening amortization	-1,418	-
Depreciation for the year	-2,044	-1,418
Closing accumulated depreciation	**-3,462**	**-1,418**
Accumulated impairment losses		
Opening impairment losses	-12,742	-11,660
Impairment losses for the year	-	- 1,082
Closing accumulated impairment losses	**-12,742**	**-12,742**
Closing carrying amount	**7,158**	**9,376**

Through 2019, SenzaGen received an EU grant for funding development expenditure. These expenses were capitalized as per Company policy and were written down by the same amount because this is funded by the EU grant.

Capitalized research and development expenditure for the year totaled SEK 334 thousand.

A previously capitalized development project amounting to SEK 508 thousand was retired during the year. This amount was charged to profit or loss.

Capitalized development expenditure was for the development of new products. The amortization period for intangible assets such as capitalized development expenditure is 5–10 years. The amortization period depends on parameters such as the product life cycle and agreement terms, which should match the period during which the asset gives the Company economic benefits. Amortization begins when development projects are ready for launch.

Disclosure on impairment testing: In the event of an indication that the carrying amount exceeds the recoverable amount, differences are charged to the profit or loss for the period on a rolling basis when they arise. The recoverable amount for capitalized development expenditure is measured based on the expected useful life and volume. This calculation uses estimated future cash flows based on financial forecasts approved by Management and covering the product life cycles. In consideration of the above, Management believes that there is no indication of impairment at 31 December 2020.

NOTE 11
Concessions, patents, licenses, trademarks and similar rights

	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Accumulated cost				
Opening cost	7,833	6,028	7,833	6,028
Acquisitions	2,090	1,805	2,090	1,805
Closing accumulated cost	**9,923**	**7,833**	**9,923**	**7,833**
Accumulated scheduled depreciation				
Opening depreciation	-1,130	-690	-1,130	-690
Depreciation for the year	-584	-440	-584	-440
Closing accumulated depreciation	**-1,714**	**-1,130**	**-1,714**	**-1,130**
Closing carrying amount	**8,209**	**6,703**	**8,209**	**6,703**

NOTE 12
Equipment, tools, fixtures and fittings

	Group		Parent Company	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
EQUIPMENT				
Accumulated cost				
Opening cost	5,143	4,447	5,129	4,433
Acquisitions	21	696	21	696
Retirement of equipment	-158	-	-158	-
Closing accumulated cost	**5,006**	**5,143**	**4,992**	**5,129**
Accumulated scheduled depreciation				
Opening depreciation	-2,361	-1,408	-2,347	-1,408
Depreciation for the year	-1,004	-953	-1,004	-939
Retirement of equipment	158	-	158	-
Closing accumulated depreciation	**-3,207**	**-2,361**	**-3,193**	**-2,347**
Closing carrying amount	**1,799**	**2,782**	**1,799**	**2,782**
FIXTURES AND FITTINGS				
Accumulated cost				
Opening cost	963	963	963	963
Acquisitions	-	-	-	-
Closing accumulated cost	**963**	**963**	**963**	**963**
Accumulated scheduled depreciation				
Opening depreciation	-472	-279	-472	-279
Depreciation for the year	-193	-193	-193	-193
Closing accumulated depreciation	**-665**	**-472**	**-665**	**-427**
Closing carrying amount	**298**	**491**	**298**	**491**
Total closing carrying amount	**2,097**	**3,273**	**2,097**	**3,273**

NOTE 13
Investments in Group companies

Parent Company	2020	2019
Accumulated cost		
Opening cost	84	84
Acquisitions	-	-
Closing accumulated cost	**84**	**84**
Accumulated impairment losses		
Opening impairment losses	-	-
Impairment losses for the year	-	-
Closing accumulated impairment losses	**0**	**0**
Closing carrying amount	**84**	**84**

Name	Headquarters	Company reg. no.	Ownership	Number of shares	Carrying amount
SenzaGen inc	North Carolina	C3870650	100%	1,000	84

NOTE 14
Disclosures on share capital and earnings per share

	Number of shares	Quotient value per share	Share capital
Number/quotient value of shares at start of year	21,357,636	0.05	1,067,882
Number/quotient value of shares at end of year	21,357,636	0.05	1,067,882

	2020	2019
Earnings per share		
Earnings per share (SEK)	-1.27	-3.11
Fully diluted earnings per share (SEK)	-1.27	-3.11

Earnings per share is calculated as profit or loss for the year as a percentage of the weighted average of the number of outstanding shares during the year. Per-share data was calculated based on the following numbers of shares.

	2020	2019
Number of outstanding shares (thousands)		
Weighted average during the year	21,358	16,176
At end of year	21,358	21,358

NOTE 15
Pledged assets and contingent liabilities

	2020	2019
For the Group's own liabilities		
Floating charges	1,000	1,000
Contingent liabilities	None	None

Floating charges comprise an unutilized floating charge debenture with Danske Bank.

NOTE 16
Prepaid expenses and accrued income

	2020 Group	2020 Parent Company	2019 Group	2019 Parent Company
Prepaid rent	324	317	314	305
Prepaid insurance	209	209	144	144
Accrued contract revenue	-	-	174	174
Other items	689	689	338	338
Total	**1,222**	**1,215**	**970**	**961**

NOTE 17
Accrued expenses and deferred income

	2020		2019	
	Group	Parent Company	Group	Parent Company
Accrued employee benefit expenses	741	741	1,098	1,098
Other items	545	545	434	434
Total	**1,286**	**1,286**	**1,532**	**1,532**

NOTE 18
Equity

At 31 December 2020, the share capital comprised 21,357,636 shares with a quotient value of SEK 0.05.

Each share entitles the holder to one vote and each shareholder with voting rights may vote at the general meeting on the basis of the full number of shares held and represented by him or her without any voting right restrictions. All shares confer equal rights to a share in the Company's assets and profits. The Company itself does not hold any shares.

Convertibles, stock options and similar rights

2018/2021 stock option plan

The board resolved on 2 October 2018, following authorization by the AGM on 8 May 2018, to issue a maximum of 100,000 stock options, as a result of which the Company's share capital may increase by a maximum of SEK 5,000. With the shareholders' preemptive rights waived, current and future senior executives, key personnel and employees of the Company and the Group were entitled to be granted stock options, and the Company offered to grant them stock options as follows: Group Management comprising up to 6 individuals were each offered to be granted between 2,000 and 15,000 stock options, with the CEO's stock options capped at 2,000 and the others' capped at 15,000, altogether comprising a maximum of 77,000 stock options. Current and future key personnel within the Group comprising up to 2 individuals were each offered to be granted between 1,000 and 3,500 stock options, altogether comprising a maximum of 7,000 stock options. Current and future other employees within the Group comprising up to 4 individuals were each offered to be granted between 1,000 and 4,000 stock options, altogether comprising a maximum of 16,000 stock options. Each stock option entitles the holder to subscribe for one new share in the Company at an exercise price of SEK 69.87 per share. The stock options may be exercised to subscribe for new shares during the period from 15 May 2021 to 30 June 2021. In the event that all stock options are exercised, the number of the Company's shares will increase by 100,000 and the share capital will increase by SEK 5,000. If all issued stock options are exercised, this will cause approximately 0.64% dilution of the Company's share capital in relation to the number of shares after completion of the offering.

2020/2023-1 stock option plan

The extraordinary general meeting (EGM) on 18 December 2019 resolved to approve the board's proposal to issue a maximum of 110,000 stock options, as a result of which the Company's share capital may increase by a maximum of SEK 5,500. With the shareholders' preemptive rights waived, only the CEO of the Company and Group shall be entitled to be granted stock options. Each stock option entitles the holder to subscribe for one new share in the Company at an exercise price of SEK 19.84 per share. The stock options may be exercised to subscribe for new shares during the period from 1 November 2022 to 5 January 2023 or the earlier date set out in the option rules.

In the event that all issued stock options are exercised, the number of the Company's shares will increase by 110,000 and the share capital will increase by SEK 5,500.

The maximum dilutive effect of the 2020-2023-1 series is estimated to be no more than 0.52% of the total number of shares and votes in the Company (calculated based on the number of existing shares in the Company without taking into account other outstanding stock options), provided that all offered stock options are issued and exercised.

2020/2023-2 stock option plan

The EGM on 18 December 2019 resolved to approve the board's proposal to issue a maximum of 265,000 stock options, as a result of which the Company's share capital may increase by a maximum of SEK 13,250. With the shareholders' preemptive rights waived, current and future senior executives, key personnel and employees of the Company and the Group shall be entitled to be granted the stock options.

Each stock option entitles the holder to subscribe for one new share in the Company at an exercise price of SEK 39.68 per share. The stock options may be exercised to subscribe for new shares during the period from 1 November 2022 to 5 January 2023 or the earlier date set out in the option rules.

In the event that all issued stock options are exercised, the number of the Company's shares will increase by 265,000 and the share capital will increase by SEK 13,250.

The maximum dilutive effect of the 2020-2023-2 series is estimated to be no more than 1.24% of the total number of shares and votes in the Company (calculated based on the number of existing shares in the Company without taking into account other outstanding stock options), provided that all offered stock options are issued and exercised.

2020/2024 stock option plan

The EGM on 18 December 2019 resolved to approve shareholder Johan Wennerholm's proposal to issue a maximum of 50,000 stock options, as a result of which the Company's share capital may increase by a maximum of SEK 2,500. With the shareholders' preemptive rights waived, current directors of the Company's board and the Company shall be entitled to the stock options, and the Company shall be entitled and required to, on one or more occasions, transfer stock options to new directors at a price that is no less than the market value of the option calculated using the Black-Scholes pricing model and otherwise subject to the same rules as during the issue.

Each stock option entitles the holder to subscribe for one new share in the Company at an exercise price of SEK 39.68 per share. The stock options may be exercised to subscribe for new shares during the period from 1 November 2023 to 5 January 2024 or the earlier date set out in the option rules.

In addition, the EGM resolved to authorize the Company to transfer to future directors the 2020/2024 series stock options in the Company that are not granted to current directors or otherwise use the stock options in order to secure the obligations arising from the 2020/2024 series stock options.

The maximum dilutive effect of the 2020-2024 series is estimated to be no more than 0.23% of the total number of shares and votes in the Company (calculated based on the number of existing shares in the Company without taking into account other outstanding stock options), provided that all offered stock options are issued and exercised.

Annual report signatures

Carl Borrebaeck
Chairman

Laura Chirica
Director

Peter Nählstedt
Director

Ian Kimber
Director

Paul Yianni
Director

Anki Malmborg Hager
Director

Paula Zeilon
Director

Axel Sjöblad
CEO

The annual report and consolidated financial statements were adopted by the board on 24 March 2021.

My auditor's report was submitted on 24 March 2021.

Mats-Åke Andersson
Authorized Public Accountant

SHARE CAPITAL CHANGES

Share capital changes

The table below shows the history of changes in share capital since 2010.

Year	Transaction	Increase in share capital	Increase in number of shares	Total share capital	Number of shares	Quotient value (SEK)
2010	Founding of company			50,000	1,000,000	0.05
2014	Bonus issue	2,500	50,000	52,500	1,050,000	0.05
2015	New share issue	55,660	1,113,200	108,160	2,163,200	0.05
2017	Bonus issue	432,640	-	540,800	2,163,200	0.25
2017	1:5 share split	-	8,652,800	540,800	10,816,000	0.05
2017	New share issue	232,250	4,645,000	773,050	15,461,000	0.05
2018	Option redemption	5,850	117,000	778,900	15,578,000	0.05
2019	Option redemption	7,925	158,500	768,825	15,736,500	0.05
2019	New share issue	281,057	5,621,136	1,067,882	21,357,636	0.05
2020	-	-	-	1,067,882	21,357,636	0.05

Shareholders[1]	Number of shares	Percentage of share capital and votes
Carl Borrebaeck	1,690,000	7.9
Malin Lindstedt	1,615,500	7.6
BNY MELLON SA/NV (FORMER BNY), W8IMY	800,196	3.8
Försäkringsbolaget, Avanza Pension	796,928	3.7
Futur Pension	740,705	3.5
3Rs Management and Consulting	642,372	3.0
Nordnet Pensionsförsäkring AB	628,556	2.9
Hans Westberg	559,000	2.6
Fjärde AP Fonden	530,503	2.5
Carl-Henrik Nilsson	506,337	2.4
Total for 10 largest shareholders	**8,510,097**	**39.9**
Other shareholders	12,847,539	60.1
Total	**21,357,636**	**100.0**

[1]The total number of shareholders at 30/12/2020 was 3,310 (3,451) (Euroclear).

SenzaGen stock

SenzaGen's stock has been listed on the Nasdaq First North Growth Market since 21 September 2017.

Ticker symbol: SENZA

ISIN code: SE0010219626
Sector: Health Care

AUDITOR'S REPORT

To the Annual General Meeting of SenzaGen AB (publ)
Company registration number 556821-9207

Report on the annual report

I have performed an audit of the annual report and consolidated financial statements of SenzaGen AB (publ) for the 2020 financial year. The Company's annual report and consolidated financial statements are presented on pages 24–47 of this document.

In my opinion, the annual report and consolidated financial statements have been presented in accordance with the Swedish Annual Accounts Act and, in all material respects, provide a true and fair view of the Parent Company and the Group's financial position at 31 December 2020, financial performance and cash flows for the year in accordance with the Swedish Annual Accounts Act. The directors' report is consistent with the other parts of the annual report and consolidated financial statements.

I therefore recommend the consolidated and Parent Company income statements and balance sheets for adoption by the annual general meeting.

Basis for opinions

I have performed the audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. My responsibility under these standards is described in more detail in the section entitled Responsibility of the auditor. I am independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and I have fulfilled our other ethical responsibilities under these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinions.

Information apart from the annual report and consolidated financial statements

The board of directors and CEO are responsible for this other information. The other information is in the document entitled Annual report for 2020 but does not include the annual report, consolidated financial statements and our auditor's report on these.

My opinion on the annual report and consolidated financial statements does not include this information and I do not provide any opinion on adoption of this other information.

In conjunction with my audit of the annual report and consolidated financial statements, I am responsible for reading the information identified above and considering whether the information is inconsistent with the annual report and consolidated financial statements to a material extent. During this review, I also consider the other knowledge I have obtained during the audit and determine whether the information otherwise seems to contain material misstatements.

If, based on the work performed with respect to this information, I come to the conclusion that this other information contains a material misstatement, then I am required to report this. I have nothing to report in this respect.

Responsibility of the board of directors and CEO

The board of directors and CEO are responsible for the preparation of an annual report and consolidated financial statements that provide a true and fair view in accordance with the Swedish Annual Accounts Act. The board of directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of an annual report and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

During preparation of the annual report and consolidated financial statements, the board of directors and CEO are responsible for assessing the Company and Group's ability to continue business. They provide disclosures, where applicable, on circumstances that could affect the ability to continue business and to apply the going concern assumption. However, the going concern assumption is not applied if the board of directors and CEO plan to liquidate the company, discontinue the business or do not have any realistic alternative to doing this.

Responsibility of the auditor

My objectives are to obtain a reasonable degree of certainty on whether the annual report and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to submit an auditor's report expressing our opinions. Reasonable certainty is a high degree of certainty, but does not serve as a guarantee that an audit performed in accordance with the ISAs and generally accepted auditing practices in Sweden will always discover a material misstatement if there is one. Misstatements may occur due to fraud or error and may be considered material if they individually or jointly can be reasonably expected to influence the financial decisions made by users on the basis of the annual report and consolidated financial statements.

As part of an audit in accordance with the ISAs, I use my professional judgment and take a professionally skeptical approach throughout the audit. In addition:

- I identify and evaluate the risks of material misstatement in the annual report and consolidated financial statements, whether due to fraud or error, I design and perform audit procedures based in part on these risks, and I obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of failing to discover a material misstatement due to fraud is higher than for a material misstatement due to error, because fraud may include collusion, forgery, deliberate omissions, incorrect information or neglect of internal controls.
- I obtain an understanding of those elements of the company's internal controls that are of significance to my audit in order to design audit procedures that are appropriate in consideration of the circumstances, but not to express an opinion on the effectiveness of internal controls.
- I also evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and CEO.
- I form an opinion on the suitableness of application of the going concern assumption by the board of directors and CEO in the preparation of the annual report and consolidated financial statements. On the basis of the audit evidence obtained, I also form an opinion as to whether there is any material factor of uncertainty with respect to such events or circumstances as could lead to significant doubt about the Company and Group's ability to continue business. If, in my opinion, there is a material factor of uncertainty, my audit report must call attention to the disclosures in the annual report and consolidated financial statements on this material factor of uncertainty or, if such disclosures are insufficient, I must modify my opinion on the annual report and consolidated financial statements. My opinions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may result in a company and group being unable to continue business.
- I evaluate the overall presentation, structure and contents of the annual report and consolidated financial statements, including the disclosures, and whether the annual report provides a true and fair view of the underlying transactions and events.
- I obtain sufficient and appropriate audit evidence on the financial information for the units and business activities within the Group in order to express an opinion on the consolidated financial statements. I am responsible for the control, monitoring and performance of the audit of the consolidated financial statements. I am solely responsible for my opinions.

I must inform the board of directors of the planned scope, focus and timing of the audit. I must also inform the board of directors of significant observations during the audit, including any material internal control deficiencies I have identified.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual report and the consolidated financial statements, I have audited the management of SenzaGen AB (publ) for the 2020 financial year on the part of the Board of Directors and CEO and the proposed appropriation of the Company's profit or loss.

I recommend that the annual general meeting distribute the earnings in accordance with the proposal in the directors' report and discharge the board directors and CEO from liability for the financial year.

Basis for opinions

I have performed the audit in accordance with generally accepted auditing practices in Sweden. My responsibility under theses practices is described in more detail in the section entitled Responsibility of the auditor. I am independent of the Parent Company and the Group in accordance with generally accepted auditing practices in Sweden and I have fulfilled my other ethical responsibilities under these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibility of the board of directors and CEO

The board of directors is responsible for the proposed appropriation of the Company's profit or loss. Proposed dividends include an assessment of whether the dividend is justifiable in consideration of the requirements posed by the Company and Group's type of business, scope and risks on the size of the Parent Company and Group's equity, consolidation needs, liquidity and financial position in other respects.

The board of directors is responsible for the Company's organization and for management of the company's affairs. This includes assessing the Company and the Group's financial situation on an ongoing basis and ensuring that the Company's organization is structured in such a way as to ensure other adequate controls on bookkeeping, asset management and the company's financial affairs. The CEO shall take responsibility for day-to-day management in accordance with the guidelines and instructions of the board of directors and shall take the actions necessary to ensure compliance of the Company's bookkeeping with the law and adequate asset management.

Responsibility of the auditor

My objective in my audit of management, and thus our opinion on discharge from liability, is to obtain audit evidence to enable an assessment with a reasonable degree of certainty as to whether any board director or the CEO, in a material respect:

- has taken an action or is guilty of negligence that could incur liability for damages to the Company, or
- has otherwise infringed the Swedish Companies Act, the Swedish Annual Accounts Act or the Company's articles of association.

My objective in my audit of the proposed appropriation of the Company's profit or loss, and thus my opinion on this proposal, is to assess with a reasonable degree of certainty whether the proposal is in harmony with the Swedish Companies Act. Reasonable certainty is a high degree of certainty, but does not serve as a guarantee that an audit performed in accordance with generally accepted auditing practices in Sweden will always discover actions or negligence that could incur liability to pay damages to the Company, or that the proposed appropriation of the Company's profit or loss is in harmony with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing practices in Sweden, I use my professional judgment and take a professionally skeptical approach throughout the audit. My review of management and the proposed appropriation of the Company's profit or loss is mainly based on the my audit of the financial statements. My selection of additional audit procedures to perform is based on our professional judgement in consideration of the risk and materiality. This means that I focus my audit on those actions, areas and circumstances that are material to the business and where divergences and breaches would have particular significance for the Company's situation. I review and assess decisions made, decision-making documentation, actions taken and other circumstances relevant to my opinion on discharge from liability. As the basis for my opinion on the board of directors' proposed appropriation of the company's profit or loss, I have assessed whether the proposal is in harmony with the Swedish Companies Act.

Lund,
2021-03-24

Mats-Åke Andersson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

SenzaGen AB (publ) is a Swedish public limited liability company (svenskt publikt aktiebolag). Its headquarters are in Lund and its stock is traded on the Nasdaq First North Growth Market. SenzaGen has around 3,300 shareholders. In addition to the Parent Company, the Group comprises SenzaGen Inc (USA), a wholly-owned subsidiary.

Responsibility for management and control of SenzaGen is divided between the shareholders at the annual general meeting, the board of directors and the CEO as per the Swedish Companies Act, applicable rules for companies whose stock is listed on the Nasdaq First North Growth Market, the Company's articles of association and the board's internal policy documents.

Annual General Meeting (AGM)

The right of the shareholders to decide on SenzaGen's affairs is exercised at the AGM, which is the Company's highest decision-making body. The AGM decides on several key agenda items, including the appropriation of the Company's retained earnings, the adoption of the income statement and balance sheet, the discharge from liability for the board and CEO, the election of the board and auditors and the board and auditor's fees. Extraordinary general meetings may be held if the board believes such is needed or if the Company's auditors or shareholders with at least 10% shareholdings request such. SenzaGen's principal owners are disclosed under the Changes in share capital heading on page 45.

Four shareholders representing 18% of the total shares and votes in the Company attended SenzaGen's AGM on 8 May 2020 in Lund. All board directors and the Company's auditors were present or represented at the AGM. The AGM resolved to pass all proposals presented by the board and shareholders, including authorization for the board to resolve to issue new shares.

Nomination Committee

The 2019 AGM resolved on policies for SenzaGen's Nomination Committee that are applicable until further notice. The main task of the Nomination Committee is to propose board candidates to the AGM, who are then elected by the AGM. The work of the Nomination Committee starts with reading the evaluation of the board's work commissioned by the board. Then, the Nomination Committee nominates directors and the chairman of the board for the upcoming term. In addition, the Nomination Committee proposes candidates for the position of auditor and presents proposals for the remuneration of the board and auditors.

As per its policies, the SenzaGen Nomination Committee shall comprise the board chairman and one representative from each of the three largest shareholders in terms of the number of votes. The Nomination Committee for the 2021 AGM comprises Malin Lindstedt, Nomination Committee Chair, Erwin Roggen representing 3Rs Management and Consulting, Hans Westberg and the Company's board chairman Carl Borrebaeck. The Nomination Committee had one meeting in 2020 at which minutes were taken.

Board of Directors

The board of directors is responsible for SenzaGen's organization and for management of the Company's affairs. The work of the board is governed by the Swedish Companies Act, the articles of association and the work plan adopted by the board. According to the articles of association, the board shall comprise a minimum of three and a maximum of ten directors with a maximum of five alternates.

The 2020 AGM reelected Carl Borrebaeck, Ian Kimber, Peter Nählstedt, Laura Chirica and Ann-Christin Malmborg Hager. Paul Yianni and Paula Zeilon were elected as new directors. The Company does not have specific committees for auditing and remuneration issues. The full board addresses these issues. Biographies of the directors and their independence can be found on page 52.

Board work and evaluation

The board adopts a formal work plan each year. The work plan is adopted at the first board meeting after the AGM (Statutory Board Meeting) and updated after that as needed. The work plan describes the board's responsibilities and tasks, the division of responsibilities and tasks within the board as well as its working methods, and the division of responsibilities and tasks between the board and the CEO. The currently applicable work plan was adopted on 8 May 2020. The chairman evaluates the work of the board once a year.

Board meetings

The SenzaGen Board of Directors held 9 meetings at which minutes were taken during the year; one was the Statutory Board Meeting and two were extraordinary meetings. The extraordinary board meetings involved approval of the AGM notice and of the issue of stock options. At all regular board meetings, the CEO informed directors of the Group's financial position and of significant events in the Company's business. Key agenda items during the year included commercialization strategies, the organization, budget adoption and regulatory matters. Director attendance at the meetings is shown in the table below.

The Company's CEO and CFO regularly attend board meetings. Other executives attend board meetings as needed. The Company's CFO normally serves as secretary at board meetings. The Company's auditor attended at least one of the regular meetings during the year.

Board remuneration

The 2020 AGM set directors' fees for the board chairman at SEK 200,000 and for each of the other directors at SEK 100,000. Board remuneration is described further in Note 6.

Auditor

The Company's auditor, Mats-Åke Andersson, HLB Auditoriet AB, was elected at the 2020 AGM for a term lasting until 2021.

CEO and Management

The CEO is appointed by the board and manages the Company in accordance with the policies and directives adopted by the board. The applicable terms of reference issued to the CEO were adopted by the board on 8 May 2020. The CEO prepares informative and decision-making documentation for board meetings and maintains ongoing dialogue with the board chairman regarding the performance of the Group. The CEO is assisted by a management team consisting of the VPs for each of the Company's functional areas. A more detailed description of the CEO and management team can be found on page 52.

Remuneration of the CEO and other senior executives

The 2020 AGM resolved that the pay of Group Management shall comprise a fixed base salary and variable performance-based remuneration. The variable remuneration includes an individual variable annual fee and may also include a long-term incentive program as a complement. The total remuneration for members of Group Management shall be on market terms. Salaries and other benefits for the CEO and other senior executives are disclosed in Note 6.

Internal control

The board is responsible for keeping an effective system in place for internal control and risk management. The CEO is delegated responsibility for creating a solid foundation for working on these issues. Both Management and managers at various levels of the Company have this responsibility in their respective areas. Powers and responsibilities are defined in guidelines, specifications of responsibilities, policies for approval permissions, and other policies. SenzaGen does not have an internal audit function because the need for such is not justified by the extent and risk exposure of the Company's business.

Director attendance at board meetings

Carl Borrebaeck, chairman	9 of 9
Ann Gidner*	5 of 9
Ian Kimber	8 of 9
Peter Nählstedt	9 of 9
Laura Chirica	9 of 9
Ann-Christin Malmborg Hager	9 of 9
Paul Yianni**	4 of 9
Paula Zeilon**	4 of 9

* left the board on 8 May 2020
** elected to the board on 8 May 2020

BOARD OF DIRECTORS

CARL BORREBAECK
(born in 1948). Chairman since 2015, director since 2010.

Education and experience:
Professor of immunotechnology, DSc major in molecular immunology, MSc in chemical engineering, MSc in life science.

Carl Borrebaeck is a professor at the Department of Immunotechnology and program director of the CREATE translational cancer research center at Lund University. He is an entrepreneur and founded SenzaGen AB and several other life science companies, including Immunovia AB and BioInvent International AB. He is also a founding mentor for the Nordic Mentor Network for Entrepreneurship (NOME), a member of the Royal Swedish Academy of Engineering Sciences (IVA) and a former vice-chancellor at Lund University. Carl has won a number of awards for his entrepreneurship and groundbreaking research, including AkzoNobel's Science Prize in 2009 and the Biotech Builder Award in 2017.

Other significant appointments:
Board chairman of Immunovia AB, PainDrainer AB and CB Ocean Capital AB. Board director at Alligator Bioscience AB and Scandion A/S.

Shareholding:
1,690,000 shares.

Independence:
Not independent of major shareholders but independent of the Company and Management.

LAURA CHIRICA
(born in 1968).
Director since 2017.

Education and experience:
PhD in biochemistry, MSc in biochemistry and BSc in biotechnology.

Laura Chirica serves as Chief Commercial Officer at Immunovia AB and has around 20 years of experience from commercial positions in both startups and multinationals from the life sciences and diagnostics industries. Her previous positions include VP Sales and Marketing at Euro Diagnostica AB, director at Purification Technologies Europe Sartorius Stedim, Global Marketing Director at Dako A/S, and Global Marketing Program Manager at GE Healthcare.

Other significant appointments: –

Shareholding:
0.

Independence:
Independent of the Company, Management and major shareholders.

ANKI MALMBORG HAGER
(born in 1965).
Director since 2019.

Education and experience:
PhD in immunotechnology, MSc in chemical engineering, Pharma MBA.

Anki Malmborg Hager has extensive experience of starting life science companies originating from Lund university research and is currently CEO of PainDrainer AB. Anki served as CEO of SenzaGen from 2014 to 2019. Her past experience includes CEO of Cantargia AB, XImmune AB and Diaprost AB, and before that, Investment Director at LU Bioscience AB and VP Business Development at Alligator Bioscience AB.

Other significant appointments:
CEO of PainDrainer AB. Board director at Avena Partners AB and DiaProst AB.

Shareholding:
383,000 shares.

Independence:
Not independent of the Company and Management. Independent of major shareholders.

IAN KIMBER
(born in 1950).
Director since 2015.

Education and experience:
Emeritus Professor of Toxicology, PhD and MSc in immunology, BSc in biology.

Ian Kimber serves as Emeritus Professor of Toxicology at the University of Manchester. He has extensive experience from academia, the pharmaceutical, biopharmaceutical and agrochemical industries, and as an independent consultant. Ian has won several awards for his distinguished scientific work and received the OBE in the Queen's Birthday Honours List in 2011. He serves on many expert committees and scientific advisory groups in the UK and internationally.

Other significant appointments:
Emeritus Professor of Toxicology at the University of Manchester.

Shareholding:
1,500 shares.

Independence:
Independent of the Company, Management and major shareholders.

PETER NÄHLSTEDT
(born in 1974).
Director since 2018.

Education and experience: MSc in chemical engineering, BSc in business administration.

Peter Nählstedt has around 20 years of management experience in the life sciences and the industrial sector, and he currently runs his own consulting business in the fields of business development and management. Peter has broad international experience and previously served as CEO of Probi. He also held other management positions in strategy, marketing and sales with GE Healthcare Life Science and at Trelleborg Marine Systems where he was responsible for operations in Europe, South America and North Africa.

Other significant appointments:
Board chairman at Super Synbiotics AB and DoubleGood AB. Board director at Bio-works AB.

Shareholding:
1,622 shares and 25,000 stock options.

Independence:
Independent of the Company, Management and major shareholders.

PAUL YIANNI
(born in 1959).
Director since 2020.

Education and experience:
PhD in chemistry.

Paul Yianni runs his own consulting business with a focus on business development, strategy and business coaching. Paul has over 30 years of management experience from the chemicals industry, and he has broad international experience from various technical and commercial functions, including at Dow Corning and Shell Chemicals. His previous positions include CEO of Spolchemie in Czechia and head of M&A at DIC Europe in Germany.

Other significant appointments: –.

Shareholding:
0.

Independence:
Independent of the Company, Management and major shareholders.

PAULA ZEILON
(born in 1962).
Director since 2020.

Education and experience:
MSc in chemical engineering, BSc in business administration.

Paula Zeilon has 30 years of management experience from the life science industry and runs her own consulting business in the fields of business development and management focusing on the commercialization of new products on international markets. Her past experience includes CEO of Life Science Foresight Institute, CEO of Alligator Biosciences AB, Director Marketing at Dako A/S, Director Marketing at Biotage AB, and management positions with Pharmacia Biotech (now Cytiva).

Other significant appointments: –.

Shareholding: 0.

Independence:
Independent of the Company, Management and major shareholders.

Shareholdings at 26 February 2021

SENIOR EXECUTIVES

AXEL SJÖBLAD
(born in 1967).
Chief Executive Officer (CEO).
Employee since 2019.

Education and experience:
MSc in business administration from Lund University and Executive MBA from the Stockholm School of Economics.

Axel Sjöblad has extensive experience in managing and developing global growth companies in medical technology and life sciences and was most recently CEO of BioGaia AB. He previously held CEO positions at Getinge Sverige AB and Gambro Lundia AB, where he was responsible for subsidiaries running operations in several European countries.

Other significant appointments:
Board chairman of VibroSense Dynamics AB.

Shareholding:
4,500 shares. 110,000 stock options.

MARIANNE OLSSON
(born in 1961).
VP Finance.
Employee since 2016.

Education and experience:
Certified Financial Manager via FAR.

Marianne Olsson has over 25 years of experience at Lund University where she has served as department economist, financial officer and most recently administrative manager for the Department of Immunotechnology. In addition, Marianne has been a member of the Lund University Faculty of Engineering (LTH) board and a member of the management team and department board at the Department of Immunotechnology.

Other significant appointments:
None.

Shareholding:
114,285 shares and 15,000 stock options.

ANNA CHÉROUVRIER HANSSON
(born in 1973).
VP Sales & Business Development.
Employee since 2017.

Education and experience:
MSc in European affairs in business administration and business law from Lund University, BSc in business administration at Groupe ESC-Reims and Fachhochschule France and Germany.

Anna Chérouvrier Hansson has extensive experience in marketing, sales and business development at companies including Camurus, Novo Nordisk, Gambro and DuPont. In addition, Anna has been a partner at Zitha Consulting, where she focused on commercialization strategy in the pharmaceutical industry, and head of life science investments at Invest in Skåne.

Other significant appointments:
Board director at Duearity AB.

Shareholding:
19,153 shares and 25,000 stock options.

TINA DACKEMARK LAWESSON
(born in 1968).
VP Marketing & Communications.
Employee since 2018.

Education and experience:
Bachelor of education (languages) from the Malmö Institute of Education and journalism studies at Humber College in Canada.

Tina Dackemark Lawesson has long-standing and broad experience in marketing, IR and communications at life science and technology companies in the build-up and growth phases. She has previously held similar positions, including at INVISIO, CellaVision and Enzymatica.

Other significant appointments:
None.

Shareholding:
1,000 shares. 15,000 stock options.

HENRIK JOHANSSON
(born in 1982).
Chief Scientist.
Employee since 2014.

Education and experience:
MSc in biotechnology engineering and PhD in immunotechnology from Lund University.

Henrik Johansson has more than 10 years of research and development experience in the fields of cell and molecular biology. He specializes in the use of *in vitro* assays for predictive immunotoxicology and is a co-developer of the GARD technology platform, which was first described in detail in his doctoral thesis.

Other appointments: None.

Shareholding:
526 shares.

ÅSA NYHLÉN
(born in 1973).
VP Operations.
Employee since 2021.

Education and experience:
Msc. in molecular biology from Lund University.

For the past 20 years, Åsa Nyhlén has been responsible for laboratory services in the pharmaceuticals, medical devices and food industries. Åsa has extensive experience of working with international lab partners and building effective and innovative lab organizations. Her past experience includes management positions with Novo Nordisk, Dako and BioGaia.

Other significant appointments:
None.

Shareholding:
6,300 shares.

HELEN OLSSON
(born in 1965).
VP HR.
With the Company since 2020.

Education and experience:
Degree in behavioral science from Lund University and Linnaeus University.

Helen Olsson has over 20 years of experience in organization development, change management, and both operational and strategic HR, including as VP HR at BioGaia.

Other significant appointments:
None.

Shareholding:
1,000 shares.

PETER NÄHLSTEDT
(born in 1974).
VP Strategy
With the Company since 2019.

See information about Peter Nählstedt under the "Board of Directors" heading.

MIKAEL LINTON-WAHLGREN
(born in 1965). Legal adviser. Engaged by the Company since 2016.

Education and experience:
LLM from Lund University.

Mikael Linton-Wahlgren has previously served as group general counsel for the Alfa Laval Group, corporate counsel for several multinational companies, and as legal counsel for several life science companies. He has been employed with law firm Lindmark Welinder since 2021 where he serves as legal adviser, arbitrator and mediator.

Other significant appointments:
Board director at ProstaLund AB.

Shareholding: 8,571 shares and 11,500 stock options held via his

Shareholdings at 26 February 2021

FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
Net sales, SEK thousand	7,958	2,724	1,997	1,153	498
Capitalized developed expenditure, SEK thousand	334	1,110	1,741	3,575	2,334
Profit/loss for the year	-27,168	-50,237	-16,090	-13,076	-8,942
Equity ratio (%)	97	94	95	93	94
Quick ratio, %	2,477	2,173	1,307	1,104	1,056
Equity, SEK thousand	107,792	134,211	85,936	101,010	32,711
Average number of employees	18	22	17	12	8
Number of employees at year-end, converted to full-time equivalents	17	23	19	16	8
Average number of shares	21,357,636	16,175,772	15,525,563	8,037,933	2,163,200
Number of shares at end of period	21,357,636	21,357,636	15,578,000	15,461,000	2,163,200
Earnings per share, SEK[1]	-1.27	-3.11	-1.04	-1.62	-4.11
Fully diluted earnings per share, SEK[2]	-1.27	-3.11	-1.04	-1.62	-4.11
Equity per share (SEK)	5.05	6.28	5.52	6.53	15.12
Dividend per share, SEK	-	-	-	-	-

[1] Based on average weighted number of outstanding shares.

[2] Dilutive effects are only recognized in cases where they result in lower earnings per share.

Definitions

Equity per share

Reported consolidated equity divided by the number of outstanding shares.

Earnings per share

Profit/loss for the year as a percentage of the average number of outstanding shares.

Fully diluted earnings per share

Profit/loss for the year as a percentage of the average weighted number of shares plus the number of shares added upon full dilution. Dilution occurs in conjunction with stock option plans when the redemption price is less than the current share price.

Equity ratio

Equity as a percentage of total assets.

Quick ratio

Current assets excluding inventories as a percentage of current liabilities.

Financial calendar

5 May 2021 AGM

19 August 2021 January-June 2021 Interim Report

Interim reports and annual reports are available on SenzaGen's website.

GLOSSARY AND SOURCES

Allergen
A substance that causes an allergic reaction.

Biomarker
A measurable indicator of a biological condition.

CLP
Classification, Labelling and Packaging. The CLP Regulation contains rules for classifying, labelling and packaging chemical products.

CRO
Contract research organization. A contract lab that provides research services.

EURL ECVAM
European Union Reference Laboratory for alternatives to animal testing.

ESAC
The EURL ECVAM Scientific Advisory Committee.

GHS
Globally Harmonized System of Classification and Labelling of Chemicals. The implementation of this United Nations system is governed by the CLP in Europe.

In vivo
Latin for "in a living organism". In vivo tests are done on animals.

In vitro
Latin for "in glass". In vitro tests are done in test tubes.

KOL
Key opinion leader. An expert whose opinion is respected in a specific industry or field of knowledge.

Contract laboratory
A lab that provides research services.

OECD
Organization for Economic Cooperation and Development, consisting of 36 member countries. The OECD's mission includes creating guidelines for assessing the safety of chemical substances.

Predictive accuracy
The test objects correctly classified as a percentage of the total number of tested objects.

REACH
The European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals. This regulation requires that all new and existing chemicals be registered and tested to determine whether they could have a negative impact on humans.

Sensitization
The process by which the body develops an (over)sensitivity to something, in other words, an allergy.

Toxicology
A science that deals with poisons and poisoning symptoms, including how drugs and other chemicals can cause various adverse health effects in humans.

Sources

1 Validation study, OECD Test Guideline Program (TGP no. 4.106). Johansson H. et al. Toxicological Sciences 2019.

2 Dagens Medicin: https://www.dagensmedicin.se/opinion/debatt/bara-politisk-handling-kan-vanda-utvecklingen-inom-allergivarden/
3 Kalorama International 2018, In Vitro Toxicology.
4 Clinical Trials – clinicaltrials.gov.
5 Forska utan djurförsök.
6 TÜV SÜD.
7 International Organization for Standardization.
8 Kalorama International 2018: In Vitro Toxicology.
9 Compound Interest – compoundchem.com/2016/01/16/drug-discovery.
10 National Center for Biotechnology Information 2010 - ncbi.nlm.nih.gov/pubmed/20053163.
11 Alternatives to Animal Experimentation 2018 –ncbi.nlm.nih.gov/pub-med/30008008.
12 Kalorama International 2018: In Vitro Toxicology.
13 Swedish Medical Products Agency, Förbud mot djurförsök.
14 Swedish Board of Agriculture.

SenzaGen provides state-of-the-art non-animal tests for assessing a substance's allergenicity. With excellent predictivity, the GARD® test method meets needs in several industries and helps companies develop, produce and deliver safer, ethical and more sustainable products.

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